

Jeffrey W. Dulberg (CA Bar No. 181200)
John W. Lucas (CA State Bar No. 271038)
PACHULSKI STANG ZIEHL & JONES LLP
10100 Santa Monica Blvd., 13th Floor
Los Angeles, California 90067-4003
Telephone: 310-277-6910
Facsimile: 310-201-0760
jdulberg@pszjlaw.com
jlcas@pszjlaw.com

Counsel to Bradley D. Sharp, Chapter 11 Trustee

**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
LOS ANGELES DIVISION**

In re:

LESLIE KLEIN,

Debtor.

Case No. 2:23-bk-10990-SK

Chapter 11

**DISCLOSURE STATEMENT IN SUPPORT
OF CHAPTER 11 TRUSTEE'S PLAN OF
LIQUIDATION OF THE ESTATE OF
LESLIE KLEIN**

**THE COURT HAS NOT YET APPROVED THIS DISCLOSURE STATEMENT FOR USE
IN SOLICITATION TO PARTIES ENTITLED TO VOTE ON THE PLAN. THE
TRUSTEE IS NOT SOLICITING YOUR VOTE ON THE PLAN AT THIS TIME.**

1 Table of Contents

	Page
I. INTRODUCTION	2
II. EXPLANATION OF CHAPTER 11	3
A. Overview of Chapter 11	3
B. Chapter 11 Plan.....	4
C. Confirmation of a Chapter 11 Plan	4
III. OVERVIEW OF THE PLAN.....	5
A. Summary of the Terms of the Plan	5
1. Liquidation Trust	5
B. Summary of Distributions Under the Plan.....	5
IV. QUESTIONS AND ANSWERS REGARDING THIS DISCLOSURE STATEMENT AND THE PLAN	6
V. HISTORY OF THE DEBTOR	8
A. History of the Debtor	8
VI. THE DEBTOR'S CHAPTER 11 CASE.....	9
A. Commencement of the Chapter 11 Case.....	9
B. Retention of Professionals	9
C. Asset Sales	9
1. Ocean Dr. Sale Motion	9
2. Poinsettia Sale Motion	9
3. Whitewater Sale Motion	9
4. BadCo. Sale Motion.....	9
5. Leonardo Plaza Sale Motion.....	9
D. June St. Property	10
E. Estate's Equity Interest in LCG	10
F. Executory Contracts and Unexpired Leases	10
G. Schedules of Assets and Liabilities and Establishment of Bar Dates.....	10
VII. THE CHAPTER 11 PLAN.....	11

1	A.	Classification and Treatment of Claims.....	11
2	1.	Administrative Expense Claims.....	11
3	2.	Professional Fee Claims.....	11
4	3.	Priority Tax Claims.....	12
5	4.	Class 1: Other Priority Claims	12
6	5.	Class 2: Secured Tax Claims	13
7	6.	Class 3: Gestetner Secured Claim.....	13
8	7.	Class 3(a): Other Secured Claims	13
9	8.	Class 4: General Unsecured Claims.....	13
10	B.	Means for Implementation of the Plan.....	14
11	1.	The Liquidation Trust	14
12	2.	The Source of Distributions	16
13	3.	Claims Reconciliation Process.....	16
14	4.	Preservation of Right to Conduct Investigations	16
15	5.	Preservation of Privilege and Defenses	16
16	6.	Abandonment of Property.....	17
17	C.	Claims Reconciliation Process.....	17
18	1.	Objections to, and Resolution, of Disputed Claims	17
19	2.	Claim Objections	17
20	3.	Estimation of Certain Claims.....	17
21	D.	Distributions Under the Plan.....	18
22	1.	Manner of Cash Payments.....	18
23	2.	Setoff and Recoupment.....	18
24	3.	No Distributions With Respect to Disputed Claims	18
25	4.	Reserve for Disputed Claims and Administrative Expenses	18
26	5.	Preservation of Causes of Action.....	18
27	E.	Exculpation and Injunction.....	19
28	1.	Term of Bankruptcy Injunction or Stay	19

1	2. Exculpation for Estate Fiduciaries.....	19
2	3. Injunction.....	19
3	F. Executory Contracts and Unexpired Leases	20
4	1. Rejection	20
5	2. Bar Date for Rejection Damage Claims.....	21
6	G. Retention of Jurisdiction.....	21
7	H. Miscellaneous Plan Provisions	21
8	1. Conditions Precedent to the Effective Date	21
9	VIII. CONFIRMATION AND CONSUMMATION PROCEDURES	21
10	A. Overview.....	21
11	B. Confirmation of the Plan.....	22
12	1. Elements of Section 1129 of the Bankruptcy Code	22
13	2. Acceptance.....	24
14	3. Best Interests of Creditors Test.....	24
15	4. Feasibility.....	25
16	C. Effect of Confirmation.....	26
17	IX. CONCLUSION.....	26
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		

1 **NOTICE TO HOLDERS OF CLAIMS**

2 The purpose of this Disclosure Statement is to enable you, as a creditor whose Claim is
3 impaired under the Plan, to make an informed decision in exercising your right to accept or reject the
4 Plan.

5 **THIS DISCLOSURE STATEMENT CONTAINS IMPORTANT INFORMATION
6 THAT MAY BEAR UPON YOUR DECISION TO VOTE TO ACCEPT OR REJECT THE
7 PLAN. PLEASE READ THIS DOCUMENT WITH CARE.**

8 **PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE
9 STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN.
10 THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE
11 ONLY AS OF THE DATE HEREOF AND THERE CAN BE NO ASSURANCE THAT THE
12 STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER THE
13 DATE HEREOF. IN THE EVENT OF ANY CONFLICT BETWEEN THE DESCRIPTIONS
14 SET FORTH IN THIS DISCLOSURE STATEMENT AND THE TERMS OF THE PLAN OR
15 ANY OTHER APPLICABLE DOCUMENT, THE TERMS OF THE PLAN OR ANY SUCH
16 APPLICABLE DOCUMENT SHALL GOVERN.**

17 **THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE
18 WITH SECTION 1125 OF THE BANKRUPTCY CODE, AND RULE 3016(b) OF THE
19 FEDERAL RULES OF BANKRUPTCY PROCEDURE (THE “BANKRUPTCY RULES”)
20 AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES
21 LAW OR OTHER NON-BANKRUPTCY LAW. THIS DISCLOSURE STATEMENT HAS
22 BEEN NEITHER APPROVED NOR DISAPPROVED BY THE SECURITIES AND
23 EXCHANGE COMMISSION (THE “SEC”), NOR HAS THE SEC PASSED UPON THE
24 ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN. PERSONS
25 OR ENTITIES TRADING IN OR OTHERWISE PURCHASING, SELLING, OR
26 TRANSFERRING SECURITIES OR CLAIMS OF THE DEBTOR SHOULD EVALUATE
27 THIS DISCLOSURE STATEMENT AND THE PLAN IN LIGHT OF THE PURPOSE FOR
28 WHICH THEY WERE PREPARED.**

1 **AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS, AND OTHER
2 ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT SHALL NOT
3 CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY,
4 STIPULATION, OR WAIVER, BUT RATHER AS A STATEMENT MADE IN
5 SETTLEMENT NEGOTIATIONS. THIS DISCLOSURE STATEMENT SHALL NOT BE
6 ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING NOR SHALL IT BE
7 CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX, SECURITIES, OR OTHER
8 LEGAL EFFECTS OF THE PLAN AS TO HOLDERS OF CLAIMS AGAINST, OR
9 INTERESTS IN THE DEBTOR IN THIS CHAPTER 11 CASE.**

10 **Each Holder of a Claim entitled to vote to accept or reject the Plan should read this Disclosure
11 Statement and the Plan in their entirety before voting. No solicitation of votes to accept or reject the
12 Plan may be made except pursuant to this Disclosure Statement and section 1125 of the Bankruptcy
13 Code. Except for the Trustee and certain of his professionals, no person has been authorized to use or
14 promulgate any information concerning the Debtor, his business, or the Plan other than the information
15 contained in this Disclosure Statement and if given or made, such information may not be relied upon
16 as having been authorized by the Trustee. You should not rely on any information other than that
17 contained in this Disclosure Statement and the Exhibits hereto.**

18 **After carefully reviewing this Disclosure Statement, including the attached Exhibits, please
19 indicate your acceptance or rejection of the Plan by voting in favor of or against the Plan on the
20 enclosed ballot and return the same to the address set forth on the ballot, in the enclosed, postage
21 prepaid, return envelope so that it is actually received by the Balloting Agent no later than the Voting
22**

1 Deadline. All votes to accept or reject the Plan must be cast using the appropriate ballot. Votes which
2 are cast in any other manner will not be counted. **All ballots must be actually received by the**
3 Trustee's bankruptcy counsel, Pachulski Stang Ziehl & Jones LLP, 10100 Santa Monica Blvd.,
Los Angeles, CA 90067 (the "Voting Agent"), or postmarked if submitted by first class mail, no
4 later than [REDACTED], 2026. In the event you have questions regarding the voting procedures,
please contact Beth Dassa at bdassa@pszjlaw.com.

5 **DO NOT RETURN ANY OTHER DOCUMENTS WITH YOUR BALLOT.**

6 You will be bound by the Plan if it is confirmed by the Bankruptcy Court, even if you do not
vote to accept the Plan, or if you are the Holder of an unimpaired Claim.

7 **THE TRUSTEE AS THE PLAN PROPONENT URGES ALL HOLDERS OF**
8 IMPAIRED CLAIMS TO ACCEPT THE PLAN

9 **I.**

10 **INTRODUCTION**

11 On February 22, 2023, Leslie Klein, referred to herein as the Debtor,¹ filed a voluntary petition
12 for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United
13 States Bankruptcy Court for the Central District of California, Los Angeles Division. The Debtor's
14 chapter 11 case was originally filed pursuant to Subchapter V of Chapter 11 of the Bankruptcy Code
15 but on March 10, 2023, the Debtor voluntarily converted the case to chapter 11. *See* [Docket No. 43].

16 On April 24, 2023, a *Motion for Order Dismissing Debtor's Chapter 11 Bankruptcy Case*
17 [Docket No. 79] was filed and heard by the Bankruptcy Court on May 17, 2023, where the Court ruled
18 that the appointment of a chapter 11 trustee, and not dismissal of the case, was in the best interests of
19 the estate. On May 23, 2023, the United States Trustee filed a *Notice of Appointment of Chapter 11*
20 *Trustee* [Docket No. 151]. On May 24, 2023, the United States Trustee filed an *Application for Order*
21 *Approving Appointment of Trustee and Fixing Bond* [Docket No. 154], which was approved by an
22 order entered the same day [Docket No. 155]. On May 24, 2023, the Trustee accepted his appointment
23 [Docket No. 156].

24 The Trustee hereby submit this disclosure statement (the "Disclosure Statement"), pursuant to
25 section 1125 of title 11 of the United States Code (the "Bankruptcy Code") with respect to the *Plan of*
26 *Liquidation of the Estate of Leslie Klein* (the "Plan"). This Disclosure Statement is to be used in
27 connection with the solicitation of votes on the Plan by the Trustee. A copy of the Plan is attached
28 hereto as Exhibit A.

29 **THE TRUSTEE WILL SEEK CONDITIONAL APPROVAL OF THIS DISCLOSURE**
30 **STATEMENT AT A HEARING SCHEDULED FOR [REDACTED], 2026 AT 2:00 P.M. (PACIFIC**
31 **TIME) (THE "HEARING"). ONLY HOLDERS OF ALLOWED CLAIMS IN CLASS 3**
32 **(GESTETNER SECURED CLAIM), CLASS 3(A) (OTHER SECURED CLAIMS), AND CLASS 4**
33 **(GENERAL UNSECURED CLAIMS) ARE ENTITLED TO VOTE TO ACCEPT OR REJECT THE**
34 **PLAN. ACCORDINGLY, THE TRUSTEE IS ONLY SOLICITING ACCEPTANCES OF THE**
35 **PLAN FROM HOLDERS OF ALLOWED CLAIMS IN CLASS 3 (GESTETNER SECURED**

36 _____
37 _____
38 _____
39 _____
40 _____
41 _____
42 _____
43 _____
44 _____
45 _____
46 _____
47 _____
48 _____
49 _____
50 _____
51 _____
52 _____
53 _____
54 _____
55 _____
56 _____
57 _____
58 _____
59 _____
60 _____
61 _____
62 _____
63 _____
64 _____
65 _____
66 _____
67 _____
68 _____
69 _____
70 _____
71 _____
72 _____
73 _____
74 _____
75 _____
76 _____
77 _____
78 _____
79 _____
80 _____
81 _____
82 _____
83 _____
84 _____
85 _____
86 _____
87 _____
88 _____
89 _____
90 _____
91 _____
92 _____
93 _____
94 _____
95 _____
96 _____
97 _____
98 _____
99 _____
100 _____
101 _____
102 _____
103 _____
104 _____
105 _____
106 _____
107 _____
108 _____
109 _____
110 _____
111 _____
112 _____
113 _____
114 _____
115 _____
116 _____
117 _____
118 _____
119 _____
120 _____
121 _____
122 _____
123 _____
124 _____
125 _____
126 _____
127 _____
128 _____
129 _____
130 _____
131 _____
132 _____
133 _____
134 _____
135 _____
136 _____
137 _____
138 _____
139 _____
140 _____
141 _____
142 _____
143 _____
144 _____
145 _____
146 _____
147 _____
148 _____
149 _____
150 _____
151 _____
152 _____
153 _____
154 _____
155 _____
156 _____
157 _____
158 _____
159 _____
160 _____
161 _____
162 _____
163 _____
164 _____
165 _____
166 _____
167 _____
168 _____
169 _____
170 _____
171 _____
172 _____
173 _____
174 _____
175 _____
176 _____
177 _____
178 _____
179 _____
180 _____
181 _____
182 _____
183 _____
184 _____
185 _____
186 _____
187 _____
188 _____
189 _____
190 _____
191 _____
192 _____
193 _____
194 _____
195 _____
196 _____
197 _____
198 _____
199 _____
200 _____
201 _____
202 _____
203 _____
204 _____
205 _____
206 _____
207 _____
208 _____
209 _____
210 _____
211 _____
212 _____
213 _____
214 _____
215 _____
216 _____
217 _____
218 _____
219 _____
220 _____
221 _____
222 _____
223 _____
224 _____
225 _____
226 _____
227 _____
228 _____
229 _____
230 _____
231 _____
232 _____
233 _____
234 _____
235 _____
236 _____
237 _____
238 _____
239 _____
240 _____
241 _____
242 _____
243 _____
244 _____
245 _____
246 _____
247 _____
248 _____
249 _____
250 _____
251 _____
252 _____
253 _____
254 _____
255 _____
256 _____
257 _____
258 _____
259 _____
260 _____
261 _____
262 _____
263 _____
264 _____
265 _____
266 _____
267 _____
268 _____
269 _____
270 _____
271 _____
272 _____
273 _____
274 _____
275 _____
276 _____
277 _____
278 _____
279 _____
280 _____
281 _____
282 _____
283 _____
284 _____
285 _____
286 _____
287 _____
288 _____
289 _____
290 _____
291 _____
292 _____
293 _____
294 _____
295 _____
296 _____
297 _____
298 _____
299 _____
300 _____
301 _____
302 _____
303 _____
304 _____
305 _____
306 _____
307 _____
308 _____
309 _____
310 _____
311 _____
312 _____
313 _____
314 _____
315 _____
316 _____
317 _____
318 _____
319 _____
320 _____
321 _____
322 _____
323 _____
324 _____
325 _____
326 _____
327 _____
328 _____
329 _____
330 _____
331 _____
332 _____
333 _____
334 _____
335 _____
336 _____
337 _____
338 _____
339 _____
340 _____
341 _____
342 _____
343 _____
344 _____
345 _____
346 _____
347 _____
348 _____
349 _____
350 _____
351 _____
352 _____
353 _____
354 _____
355 _____
356 _____
357 _____
358 _____
359 _____
360 _____
361 _____
362 _____
363 _____
364 _____
365 _____
366 _____
367 _____
368 _____
369 _____
370 _____
371 _____
372 _____
373 _____
374 _____
375 _____
376 _____
377 _____
378 _____
379 _____
380 _____
381 _____
382 _____
383 _____
384 _____
385 _____
386 _____
387 _____
388 _____
389 _____
390 _____
391 _____
392 _____
393 _____
394 _____
395 _____
396 _____
397 _____
398 _____
399 _____
400 _____
401 _____
402 _____
403 _____
404 _____
405 _____
406 _____
407 _____
408 _____
409 _____
410 _____
411 _____
412 _____
413 _____
414 _____
415 _____
416 _____
417 _____
418 _____
419 _____
420 _____
421 _____
422 _____
423 _____
424 _____
425 _____
426 _____
427 _____
428 _____
429 _____
430 _____
431 _____
432 _____
433 _____
434 _____
435 _____
436 _____
437 _____
438 _____
439 _____
440 _____
441 _____
442 _____
443 _____
444 _____
445 _____
446 _____
447 _____
448 _____
449 _____
450 _____
451 _____
452 _____
453 _____
454 _____
455 _____
456 _____
457 _____
458 _____
459 _____
460 _____
461 _____
462 _____
463 _____
464 _____
465 _____
466 _____
467 _____
468 _____
469 _____
470 _____
471 _____
472 _____
473 _____
474 _____
475 _____
476 _____
477 _____
478 _____
479 _____
480 _____
481 _____
482 _____
483 _____
484 _____
485 _____
486 _____
487 _____
488 _____
489 _____
490 _____
491 _____
492 _____
493 _____
494 _____
495 _____
496 _____
497 _____
498 _____
499 _____
500 _____
501 _____
502 _____
503 _____
504 _____
505 _____
506 _____
507 _____
508 _____
509 _____
510 _____
511 _____
512 _____
513 _____
514 _____
515 _____
516 _____
517 _____
518 _____
519 _____
520 _____
521 _____
522 _____
523 _____
524 _____
525 _____
526 _____
527 _____
528 _____
529 _____
530 _____
531 _____
532 _____
533 _____
534 _____
535 _____
536 _____
537 _____
538 _____
539 _____
540 _____
541 _____
542 _____
543 _____
544 _____
545 _____
546 _____
547 _____
548 _____
549 _____
550 _____
551 _____
552 _____
553 _____
554 _____
555 _____
556 _____
557 _____
558 _____
559 _____
560 _____
561 _____
562 _____
563 _____
564 _____
565 _____
566 _____
567 _____
568 _____
569 _____
570 _____
571 _____
572 _____
573 _____
574 _____
575 _____
576 _____
577 _____
578 _____
579 _____
580 _____
581 _____
582 _____
583 _____
584 _____
585 _____
586 _____
587 _____
588 _____
589 _____
590 _____
591 _____
592 _____
593 _____
594 _____
595 _____
596 _____
597 _____
598 _____
599 _____
600 _____
601 _____
602 _____
603 _____
604 _____
605 _____
606 _____
607 _____
608 _____
609 _____
610 _____
611 _____
612 _____
613 _____
614 _____
615 _____
616 _____
617 _____
618 _____
619 _____
620 _____
621 _____
622 _____
623 _____
624 _____
625 _____
626 _____
627 _____
628 _____
629 _____
630 _____
631 _____
632 _____
633 _____
634 _____
635 _____
636 _____
637 _____
638 _____
639 _____
640 _____
641 _____
642 _____
643 _____
644 _____
645 _____
646 _____
647 _____
648 _____
649 _____
650 _____
651 _____
652 _____
653 _____
654 _____
655 _____
656 _____
657 _____
658 _____
659 _____
660 _____
661 _____
662 _____
663 _____
664 _____
665 _____
666 _____
667 _____
668 _____
669 _____
670 _____
671 _____
672 _____
673 _____
674 _____
675 _____
676 _____
677 _____
678 _____
679 _____
680 _____
681 _____
682 _____
683 _____
684 _____
685 _____
686 _____
687 _____
688 _____
689 _____
690 _____
691 _____
692 _____
693 _____
694 _____
695 _____
696 _____
697 _____
698 _____
699 _____
700 _____
701 _____
702 _____
703 _____
704 _____
705 _____
706 _____
707 _____
708 _____
709 _____
710 _____
711 _____
712 _____
713 _____
714 _____
715 _____
716 _____
717 _____
718 _____
719 _____
720 _____
721 _____
722 _____
723 _____
724 _____
725 _____
726 _____
727 _____
728 _____
729 _____
730 _____
731 _____
732 _____
733 _____
734 _____
735 _____
736 _____
737 _____
738 _____
739 _____
740 _____
741 _____
742 _____
743 _____
744 _____
745 _____
746 _____
747 _____
748 _____
749 _____
750 _____
751 _____
752 _____
753 _____
754 _____
755 _____
756 _____
757 _____
758 _____
759 _____
760 _____
761 _____
762 _____
763 _____
764 _____
765 _____
766 _____
767 _____
768 _____
769 _____
770 _____
771 _____
772 _____
773 _____
774 _____
775 _____
776 _____
777 _____
778 _____
779 _____
780 _____
781 _____
782 _____
783 _____
784 _____
785 _____
786 _____
787 _____
788 _____
789 _____
790 _____
791 _____
792 _____
793 _____
794 _____
795 _____
796 _____
797 _____
798 _____
799 _____
800 _____
801 _____
802 _____
803 _____
804 _____
805 _____
806 _____
807 _____
808 _____
809 _____
8010 _____
8011 _____
8012 _____
8013 _____
8014 _____
8015 _____
8016 _____
8017 _____
8018 _____
8019 _____
8020 _____
8021 _____
8022 _____
8023 _____
8024 _____
8025 _____
8026 _____
8027 _____
8028 _____
8029 _____
8030 _____
8031 _____
8032 _____
8033 _____
8034 _____
8035 _____
8036 _____
8037 _____
8038 _____
8039 _____
8040 _____
8041 _____
8042 _____
8043 _____
8044 _____
8045 _____
8046 _____
8047 _____
8048 _____
8049 _____
8050 _____
8051 _____
8052 _____
8053 _____
8054 _____
8055 _____
8056 _____
8057 _____
8058 _____
8059 _____
8060 _____
8061 _____
8062 _____
8063 _____
8064 _____
8065 _____
8066 _____
8067 _____
8068 _____
8069 _____
8070 _____
8071 _____
8072 _____
8073 _____
8074 _____
8075 _____
8076 _____
8077 _____
8078 _____
8079 _____
8080 _____
8081 _____
8082 _____
8083 _____
8084 _____
8085 _____
8086 _____
8087 _____
8088 _____
8089 _____
8090 _____
8091 _____
8092 _____
8093 _____
8094 _____
8095 _____
8096 _____
8097 _____
8098 _____
8099 _____
80100 _____
80101 _____
80102 _____
80103 _____
80104 _____
80105 _____
80106 _____
80107 _____
80108 _____
80109 _____
80110 _____
80111 _____
80112 _____
80113 _____
80114 _____
80115 _____
80116 _____
80117 _____
80118 _____
80119 _____
80120 _____
80121 _____
80122 _____
80123 _____
80124 _____
80125 _____
80126 _____
80127 _____
80128 _____
80129 _____
80130 _____
80131 _____
80132 _____
80133 _____
80134 _____
80135 _____
80136 _____
80137 _____
80138 _____
80139 _____
80140 _____
80141 _____
80142 _____
80143 _____
80144 _____
80145 _____
80146 _____
80147 _____
80148 _____
80149 _____
80150 _____
80151 _____
80152 _____
80153 _____
80154 _____
80155 _____
80156 _____
80157 _____
80158 _____
80159 _____
80160 _____
80161 _____
80162 _____
80163 _____
80164 _____
80165 _____
80166 _____
80167 _____
80168 _____
80169 _____
80170 _____
80171 _____
80172 _____
80173 _____
80174 _____
80175 _____
80176 _____
80177 _____
80178 _____
80179 _____
80180 _____
80181 _____
80182 _____
80183 _____
80184 _____
80185 _____
80186 _____
80187 _____
80188 _____
80189 _____
80190 _____
80191 _____
80192 _____
80193 _____
80194 _____
80195 _____
80196 _____
80197 _____
80198 _____
80199 _____
80200 _____
80201 _____
80202 _____
80203 _____
80204 _____
80205 _____
80206 _____
80207 _____
80208 _____
80209 _____
80210 _____
80211 _____
80212 _____
80213 _____
80214 _____
80215 _____
80216 _____
80217 _____
80218 _____
80219 _____
80220 _____
80221 _____
80222 _____
80223 _____
80224 _____
80225 _____
80226 _____
80227 _____
80228 _____
80229 _____
80230 _____
80231 _____
80232 _____
80233 _____
80234 _____
80235 _____
80236 _____
80237 _____
80238 _____
80239 _____
80240 _____
80241 _____
80242 _____
80243 _____
80244 _____
80245 _____
80246 _____
80247 _____
80248 _____
80249 _____
80250 _____
80251 _____
80252 _____
80253 _____
80254 _____
80255 _____
80256 _____
80257 _____
80258 _____
80259 _____
80260 _____
80261 _____
80262 _____
80263 _____
80264 _____
80265 _____
80266 _____
80267 _____
80268 _____
80269 _____
80270 _____
80271 _____
80272 _____
80273 _____
80274 _____
80275 _____
80276 _____
80277 _____
80278 _____
80279 _____
80280 _____
80281 _____
80282 _____
80283 _____
80284 _____
80285 _____
80286 _____
80287 _____
80288 _____
80289 _____
80290 _____
80291 _____
80292 _____
80293 _____
80294 _____
80295 _____
80296 _____
80297 _____
80298 _____
80299 _____
80300 _____
80301 _____
80302 _____
80303 _____
80304 _____
80305 _____
80306 _____
80307 _____
80308 _____
80309 _____
80310 _____
80311 _____
80312 _____
80313 _____
80314 _____
80315 _____
80316 _____
80317 _____
80318 _____
80319 _____
80320 _____
80321 _____
80322 _____
80323 _____
80324 _____
80325 _____
80326 _____
80327 _____
80328 _____
80329 _____
80330 _____
80331 _____
80332 _____
80333 _____
80334 _____
80335 _____
80336 _____
80337 _____
80338 _____
80339 _____
80340 _____
80341 _____
80342 _____
80343 _____
80344 _____
80345 _____
80346 _____
80347 _____
80348 _____
80349 _____
80350 _____
80351 _____
80352 _____
80353 _____
80354 _____
80355 _____
80356 _____
80357 _____
80358 _____
80359 _____
80360 _____
80361 _____
80362 _____
80363 _____
80364 _____
80365 _____
80366 _____
80367 _____
80368 _____
80369 _____
80370 _____
80371 _____
80372 _____
80373 _____
80374 _____
80375 _____
80376 _____
80377 _____
80378 _____
80379 _____
80380 _____
80381 _____
80382 _____
80383 _____
80384 _____
80385 _____
80386 _____
80387 _____
80388 _____
80389 _____
80390 _____
80391 _____
80392 _____
80393 _____
80394 _____
80395 _____
80396 _____
80397 _____
80398 _____
80399 _____
80400 _____
80401 _____
80402 _____
80403 _____
80404 _____
80405 _____
80406 _____
80407 _____
80408 _____
80409 _____
80410 _____
80411 _____
80412 _____
80413 _____
80414 _____
80415 _____
80416 _____
80417 _____
80418 _____
80419 _____
80420 _____
80421 _____
80422 _____
80423 _____
80424 _____
80425 _____
80426 _____
80427 _____
80428 _____
80429 _____
80430 _____
80431 _____
80432 _____
80433 _____
80434 _____
80435 _____
80436 _____
80437 _____
80438 _____
80439 _____
80440 _____
80441 _____
80442 _____
80443 _____
80444 _____
80445 _____
80446 _____
80447 _____
80448 _____
80449 _____
80450 _____
80451 _____
80452 _____
80453 _____
80454 _____
80455 _____
80456 _____
80457 _____
80458 _____
80459 _____
80460 _____
80461 _____
80462 _____
80463 _____
80464 _____
80465 _____
80466 _____
80467 _____
80468 _____
80469 _____
80470 _____
80471 _____
80472 _____
80473 _____
80474 _____
80475 _____
80476 _____
80477 _____
80478 _____
80479 _____
80480 _____
80481 _____
80482 _____
80483 _____
80484 _____
80485 _____
80486 _____
80487 _____
80488 _____
80489 _____
80490 _____
80491 _____
80492 _____
80493 _____
80494 _____
80495 _____
80496 _____
80497 _____
80498 _____
80499 _____
80500 _____
80501 _____
80502 _____
80503 _____
80504 _____
80505 _____
80506 _____
80507 _____
80508 _____
80509 _____
80510 _____
80511 _____
80512 _____
80513 _____
80514 _____
80515 _____
80516 _____
80517 _____

1 CLAIM, CLASS 3(A) (OTHER SECURED CLAIMS), AND CLASS 4 (GENERAL UNSECURED
2 CLAIMS).

3 THE TRUSTEE BELIEVES THAT THE PLAN IS IN THE BEST INTERESTS OF, AND
4 PROVIDES THE HIGHEST AND MOST EXPEDITIOUS RECOVERIES TO, HOLDERS OF ALL
5 CLAIMS AGAINST THE DEBTOR'S ESTATE. ALL HOLDERS OF CLAIMS ENTITLED TO
6 VOTE TO ACCEPT OR REJECT THE PLAN ARE URGED TO VOTE IN FAVOR OF THE PLAN.

7 THE SOLICITATION PACKAGE ACCOMPANYING EACH OF THE BALLOTS
8 CONTAINS APPLICABLE VOTING INSTRUCTIONS. **TO BE COUNTED, YOUR BALLOT
9 MUST BE PROPERLY COMPLETED, EXECUTED, AND ACTUALLY RECEIVED BY THE
10 VOTING AGENT, OR POSTMARKED IF SENT BY FIRST CLASS MAIL, BY [REDACTED],
11 2026 (THE "VOTING DEADLINE").**

12 All capitalized terms used in the Disclosure Statement and not defined herein shall have
13 the meanings ascribed thereto in Appendix 1 of the Plan. Unless otherwise stated, all references
14 herein to "Schedules" and "Exhibits" are references to schedules and exhibits to this Disclosure
15 Statement.

16 The Trustee proposes the Plan for the resolution and satisfaction of all Claims against and
17 Interests in the Debtor's Estate. The Plan also provides for the establishment of a Liquidation Trust on
18 the Effective Date for the primary purpose of administering and liquidating the Liquidation Trust
19 Assets and for the secondary purposes of, *inter alia*, (a) collecting and liquidating Assets of the Estate,
20 (b) resolving all Administrative Expense Claims, Professional Fee Claims, and Claims, and (c) making
21 all Distributions provided for under the terms of the Plan. The Liquidation Trust shall be under the
22 direction and control of the Liquidation Trustee, as trustee of the Liquidation Trust. On the Effective
23 Date, all of the Estates' Assets, which are principally real properties, interests in life insurance policies,
24 Cash and Causes of Action, shall vest in the Liquidation Trust. The Plan contemplates monetization
25 of these Assets and the distribution of the net proceeds thereof to Holders of Allowed Administrative
26 Expense Claims, Allowed Professional Fee Claims, and Allowed Claims in order of their payment
27 priority as prescribed by the Plan and Bankruptcy Code in satisfaction of the Estate's obligation
28 hereunder. **The Trustee believes that the Plan represents a fair and equitable allocation of the
Estate's assets among creditors.**

19 As set forth in greater detail herein, the Trustee estimates that Holders of Class 3
20 (Gestetner Secured Claim) will recover 100% under the Plan and Holders of Class 4 Claims
21 (General Unsecured Claims) will recover approximately 4% to 28% under the Plan, which is
22 significantly better than the approximate 1% that may be recovered in chapter 7.

II.

EXPLANATION OF CHAPTER 11

A. Overview of Chapter 11

19 Chapter 11 is the principal chapter of the Bankruptcy Code pursuant to which a debtor's estate
20 may reorganize or liquidate in an orderly fashion for the benefit of its creditors and other parties in
21 interest.

22 The commencement of a chapter 11 case creates an estate comprising all the legal and equitable
23 interests of the debtor as of the date the petition is filed. The filing of a petition under the Bankruptcy
24 Code triggers the automatic stay provisions of the Bankruptcy Code. Section 362 of the Bankruptcy
25 Code provides, among other things, for an automatic stay of all attempts by creditors or other third
26 parties to collect on prepetition claims against a debtor, the estate, or otherwise interfere with estate
27 property or business. Exempted from the automatic stay are governmental authorities seeking to

1 exercise regulatory or policing powers. Except as otherwise ordered by a bankruptcy court, the
2 automatic stay remains in full force and effect until the effective date of a confirmed chapter 11 plan.

3 **B. Chapter 11 Plan**

4 The formulation of a chapter 11 plan is the principal purpose of a chapter 11 case. The plan
5 sets forth the means for making distributions to the holders of valid claims against a debtor's estate.
6 A chapter 11 plan may provide anything from a complex restructuring of a debtor's business and its
7 related obligations to a simple liquidation of the debtor's assets. In either event, upon confirmation of
8 the plan, it becomes binding on the debtor and all of its creditors, and the prior obligations owed by
9 the debtor to such parties are compromised and exchanged for the obligations specified in the plan
10 (unless and to the extent certain claims are not discharged on a creditor by creditor basis or the
11 individual debtor does not receive a discharge under the plan, as proposed herein).

12 In general, after a chapter 11 plan has been filed, the holders of impaired claims against a
13 debtor are permitted to vote to accept or reject the plan. Before soliciting acceptances of the proposed
14 plan, section 1125 of the Bankruptcy Code requires the plan proponent to prepare and file a disclosure
15 statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical
16 reasonable investor to make an informed judgment about the plan. **This Disclosure Statement is
17 presented to Holders of Claims against the Debtor's estate to satisfy the requirements of section
18 1125 of the Bankruptcy Code in connection with the plan proponent's solicitation of votes on the
19 Plan.**

20 **C. Confirmation of a Chapter 11 Plan**

21 If all applicable classes of claims and equity interests accept a chapter 11 plan, the bankruptcy
22 court may confirm the plan if the bankruptcy court independently determines that the requirements of
23 section 1129(a) of the Bankruptcy Code have been satisfied. **The Trustee, as the plan proponent,
24 believes that the Plan satisfies all the applicable requirements of section 1129(a) of the
25 Bankruptcy Code.**

26 Chapter 11 of the Bankruptcy Code does not require that each holder of a claim or interest in
27 a particular class vote in favor of a chapter 11 plan for the bankruptcy court to determine that the class
28 has accepted the plan. Rather, a class of claims will be deemed to have accepted the plan if the court
determines that the plan has been accepted by more than a majority in number and at least two-thirds
in amount of those claims actually voting in such class. **Only the Holders of Allowed Claims who
are entitled to vote, and actually vote, will be counted as either accepting or rejecting the Plan.**

29 In addition, classes of claims that are not "impaired" under a chapter 11 plan are conclusively
30 presumed to have accepted the plan and thus are not entitled to vote. Furthermore, classes that are to
31 receive no distribution under the plan are conclusively deemed to have rejected the plan. Accordingly,
32 acceptances of a plan will generally be solicited only from those persons who hold claims in an
33 impaired class. **Class 3 (Gestetner Secured Claim), Class 3(a) (Other Secured Claims), and Class
34 (General Unsecured Claims) are impaired under the Plan and entitled to vote on the Plan.**

35 In general, a bankruptcy court may confirm a chapter 11 plan even though fewer than all the
36 classes of impaired claims against a debtor accept such plan. For a chapter 11 plan to be confirmed,
37 despite its rejection by a class of impaired claims or equity interests, the plan must be accepted by at
38 least one class of impaired claims (determined without counting the vote of insiders) and the
39 proponent(s) of the plan must show, among other things, that the plan does not "discriminate unfairly"
40 and that the plan is "fair and equitable" with respect to each impaired class of claims or equity interests
41 that has not accepted the plan.

42 Under section 1129(b) of the Bankruptcy Code, a plan is "fair and equitable" as to a rejecting
43 class of claims or equity interests if, among other things, the plan provides: (a) with respect to secured
44 claims, that each such holder will receive or retain on account of its claim property that has a value,

1 as of the effective date of the plan, in an amount equal to the allowed amount of such claim or such
2 other treatment as accepted by the holder of such claim; and (b) with respect to unsecured claims and
3 equity interests, that the holder of any claim or equity interest that is junior to the claims or equity
4 interests of such class will not receive on account of such junior claim or equity interest any property
5 at all unless the senior class is paid in full.

6 A plan does not “discriminate unfairly” against a rejecting class of claims or equity interests if
7 (a) the relative value of the recovery of such class under the plan does not differ materially from that
8 of any class (or classes) of similarly situated claims or equity interests, and (b) no senior class of claims
9 or equity interests is to receive more than 100% of the amount of the claims or equity interests in such
10 class. **The Trustee believes that the Plan will satisfy the foregoing requirements as to any
11 rejecting class of Claims or Interests, and can therefore be confirmed despite any such rejection
12 by any Class.**

13 III.

14 OVERVIEW OF THE PLAN

15 A. Summary of the Terms of the Plan

16 1. Liquidation Trust

17 The Plan provides for the establishment of a Liquidation Trust on the Effective Date for the
18 primary purpose of administering and liquidating the Liquidation Trust Assets and for the secondary
19 purposes of, *inter alia*, (a) collecting accounts receivable, (b) resolving all Administrative Expense
20 Claims, Professional Fee Claims, and Claims, and (c) making all Distributions provided for under the
21 terms of the Plan. The Liquidation Trust shall be under the direction and control of the Liquidation
22 Trustee, as trustee of the Liquidation Trust. On the Effective Date, all of the Estates’ Assets, which
23 are principally Cash, equity interest in LCG, the June St. Property, interests in certain life insurance
24 policies, and the Causes of Action, shall vest in the Liquidation Trust. The Plan contemplates
25 monetization of these Assets and the distribution of the net proceeds thereof to Holders of Allowed
26 Administrative Expense Claims, Allowed Professional Fee Claims, and Allowed Claims in order of
27 their payment priority as prescribed by the Plan and the Bankruptcy Code.

28 B. Summary of Distributions Under the Plan

1 The following is a summary of the proposed distributions under the Plan. It is qualified in its
2 entirety by reference to the full text of the Plan, which is attached to this Disclosure Statement as
3 **Exhibit “A”**.

4 In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expense
5 Claims, Professional Fee Claims, and Priority Tax Claims, as described in Section 3 of the Plan, have
6 not been classified and thus are excluded from the Classes set forth in the Plan. The following table
7 summarizes the classification of the Classes of Claims and Interests under the Plan and whether you
8 are entitled to vote on the Plan.

CLASS	DESCRIPTION	IMPAIRED / UNIMPAIRED	ENTITLED TO VOTE
CLASS 1	Other Priority Claims	Unimpaired	No - Deemed to Accept
CLASS 2	Secured Tax Claim	Unimpaired	No – Deemed to Accept
CLASS 3	Gestetner Secured Claim	Impaired	Yes
CLASS 3(A)	Other Secured Claims	Impaired	Yes
CLASS 4	General Unsecured Claims	Impaired	Yes

Except as required by applicable bankruptcy law or agreement that provides otherwise, postpetition interest shall not accrue or be payable on account of any Claim. All Distributions under the Plan will be tendered to the entity holding the Allowed Claim.

EXCEPT AS SPECIFICALLY SET FORTH IN THE PLAN, NO DISTRIBUTIONS WILL BE MADE AND NO RIGHTS WILL BE RETAINED ON ACCOUNT OF ANY ADMINISTRATIVE EXPENSE CLAIM, PROFESSIONAL FEE CLAIM, OR CLAIM THAT IS NOT ALLOWED.

As discussed in the Liquidation Analysis attached hereto as Exhibit B, the Trustee estimates that recoveries for Holders of Allowed General Unsecured Claims will be greater under the Plan than in a liquidation under chapter 7 of the Bankruptcy Code. In addition, the Trustee believes that distributions under chapter 7 of the Bankruptcy Code would likely be delayed due to the time it will take a chapter 7 trustee to assess the Debtor's assets, review and analyze claims, and evaluate and litigate claims against third parties. Holders of Allowed Claims entitled to vote to accept or reject the Plan should review the Liquidation Analysis (including all footnotes thereto) in assessing whether to vote to accept or reject the Plan.

IV.

QUESTIONS AND ANSWERS REGARDING THIS DISCLOSURE STATEMENT AND THE PLAN

Why is the Trustee sending me this Disclosure Statement?

The Trustee is seeking to obtain Bankruptcy Court approval of the Plan. Prior to soliciting acceptances of the Plan, section 1125 of the Bankruptcy Code requires the preparation and approval of a Disclosure Statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment regarding acceptance of the Plan. This Disclosure Statement is being submitted in accordance with such requirements.

What happens to my recovery if the Plan is not confirmed, or does not go effective?

In the event that the Plan is not confirmed, the Trustee believes it is unlikely that he or a chapter 7 trustee will be able to achieve the same recoveries for creditors that are available under the Plan. If the Plan is not confirmed in a timely manner, it is unclear what Holders of Claims would ultimately

1 receive in respect of their Claims against the Debtor's Estate. It is possible that any alternative may
2 provide Holders of Claims with less than they would have received pursuant to the Plan. Moreover,
3 non-confirmation of the Plan will likely result in either the conversion of the Chapter 11 Case to a case
4 under chapter 7 of the Bankruptcy Code or dismissal of the Chapter 11 Case in its entirety.
5

6 **If the Plan provides that I get a distribution, do I get it upon confirmation or when the Plan goes
7 effective, and what do you mean when you refer to "confirmation," "Effective Date," and
8 "consummation?"**

9 "Confirmation" of the Plan refers to the approval of the Plan by the Bankruptcy Court.
10 Confirmation of the Plan does not guarantee that you will receive the distribution contemplated under
11 the Plan. After confirmation of the Plan by the Bankruptcy Court, there are conditions that need to be
12 satisfied or waived so that the Plan can be consummated and become effective. References to the
13 "Effective Date" mean the date that all conditions to the Plan have been satisfied or waived and the
14 Plan has been fully consummated.

15 **Where is the cash required to fund the Plan coming from?**

16 On the Effective Date, all of the Assets of the Estate, which includes the Debtor's equity
17 interest in LCG, the June St. Property, any life insurance policies owned by the Debtor plus all Causes
18 of Action, as well as the rights and powers of the Debtor, shall automatically vest in the Liquidation
19 Trust.

20 **How do I vote for or against the Plan?**

21 This Disclosure Statement, accompanied by a ballot or ballots to be used for voting on the
22 Plan, is being distributed to the holders of Claims entitled to vote on the Plan. If you are a Holder of
23 a Claim in Class 3 (Gestetner Secured Claim), Class 3(a) (Other Secured Claims), or Class 4 (General
24 Unsecured Claims) (the "Voting Classes"), you may vote for or against the Plan by completing the
25 ballot and returning it in the envelope provided.

26 **What is the deadline to vote on the Plan?**

27 All ballots must be actually sent to the Trustee so as to be received, or postmarked if sent by
28 first class mail, on or before [REDACTED], 2026.

29 **Why is the Bankruptcy Court holding a confirmation hearing?**

30 Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court to hold a hearing on
31 confirmation of the Plan. Section 1128(b) of the Bankruptcy Code provides that any party in interest
32 may object to confirmation of the Plan.

33 **When is the confirmation hearing scheduled to occur?**

34 The Bankruptcy Court has scheduled the confirmation hearing for [REDACTED], 2026 at 2:00
35 p.m. (Pacific Time) before the Honorable Neil W. Bason, United States Bankruptcy Judge, in the
36 United States Bankruptcy Court, Central District of California, 255 E. Temple Street Los Angeles, CA
37 90012. The confirmation hearing may be adjourned from time to time without further notice except
38 for an announcement of the adjourned date made at the confirmation hearing or any adjournment
39 thereof. Objections to confirmation of the Plan must be filed and served on the Trustee and certain
40 other parties, by no later than [REDACTED], 2026 at 5:00 p.m. (Pacific Time) in accordance with
41 the notice of the confirmation hearing that accompanies this Disclosure Statement. Unless objections
42 to confirmation of the Plan are timely served and filed in compliance with the Solicitation Procedures
43 Order, they might not be considered by the Bankruptcy Court.

1 **What is the purpose of the confirmation hearing?**

2 The consummation of a chapter 11 plan is the principal objective of a chapter 11 case. The
3 confirmation of a chapter 11 plan by the Bankruptcy Court binds the Estate, any person acquiring
4 property under the chapter 11 plan, any creditor of a debtor and any other person or entity as may be
ordered by the Bankruptcy Court in accordance with the applicable provisions of the Bankruptcy Code.

5 **What role does the Bankruptcy Court play after the confirmation hearing?**

6 After the Plan is confirmed, the Bankruptcy Court will still have jurisdiction over all matters
7 arising out of, or related to, the Chapter 11 Case and the Plan including, but not limited to all matters
described in section 12 of the Plan.

8 **Dos the Trustee recommend voting in favor of the Plan?**

9 **Yes.** In the opinion of the Trustee, the Plan is preferable to liquidation under chapter 7 of the
10 Bankruptcy Code, as described in this Disclosure Statement and the Liquidation Analysis attached as
Exhibit B hereto, and any other reasonably available alternative because the Trustee believes the Plan
11 provides for a larger distribution to general unsecured creditors than would otherwise result from a
liquidation under chapter 7 of the Bankruptcy Code or any other reasonably available alternative.
**Accordingly, the Trustee recommends that Holders of Claims in Class 3 (Gestetner Secured
12 Claim), Class 3(a) (Other Secured Claims), and Class 4 (General Unsecured Claims) support
confirmation of the Plan and vote to accept the Plan.**

13 **V.**

14 **HISTORY OF THE DEBTOR**

15 **A. History of the Debtor**

16 The Debtor is an attorney, a certified public accountant, and a serial “affinity” fraudster. He
17 spent years preying upon members of his own Orthodox Jewish community – in many instances, his
18 victims are Holocaust survivors – and he filed his chapter 11 case for the sole purpose of staying
numerous litigations against him resulting from his misappropriation of funds from numerous trusts
19 to the detriment of the trusts’ beneficiaries.

20 Instead of converting the Debtor’s Chapter 11 Case to a case under chapter 7 or dismissing
21 ease altogether, the Court appointed a chapter 11 trustee to administer the Debtor’s Estate. The
22 Debtor’s Estate was handed to the Trustee in poor shape. It took the Trustee and his advisors
substantial time and effort to obtain any degree of visibility into (a) the assets of the Estate, (b)
affirmative claims held by the Estate, and (c) the claims against the Debtor and the Estate. Since the
23 Trustee’s appointment, the Debtor and his various counsels have been largely uncooperative with the
Trustee and his professionals. The Debtor has failed to produce virtually any information or documents
in response to requests made of him and the authenticity of many of the documents he has produced
24 is highly questionable. Indeed, the Debtor and his various counsels’ primary participation in the
Chapter 11 Case has been to seek to “recharacterize” assets of the Estate and to oppose the Trustee’s
25 efforts to complete his statutory duties. Often, the Debtor’s efforts have included blatant violations of
26 the automatic stay.

1 VI.
2

3 **THE DEBTOR'S CHAPTER 11 CASE**

4 **A. Commencement of the Chapter 11 Case**

5 On February 22, 2023 (the “Petition Date”), the Debtor filed a voluntary petition for relief
6 under subchapter V of chapter 11 of the Bankruptcy Code. The Debtor subsequently converted the
7 subchapter V case to case under chapter 11 of the Bankruptcy Code. The Chapter 11 Case was
8 commenced in the Bankruptcy Court and was assigned to the Honorable Sandra Klein, United States
9 Bankruptcy Judge. Upon Judge Klein’s retirement, the Chapter 11 case was transferred to the
10 Honorable Neil W. Bason.

11 **B. Retention of Professionals**

12 After the appointment of the Trustee, the Bankruptcy Court approved the retention of: (i) Pachulski Stang Ziehl & Jones LLP as general bankruptcy counsel to the Trustee, (ii) Development
13 Specialists, Inc. as the Trustee’s forensic accountant, (iii) Law Office of Eric Everett Hawes,
14 landlord/tenant counsel to the Trustee, and (iv) the Law Offices of Goldfarb Gross Seligman & Co.,
15 special Israeli litigation counsel.

16 **C. Asset Sales**

17 **1. Ocean Dr. Sale Motion**

18 On October 25, 2023, the Trustee filed a motion to sell the Debtor’s property located at 3752
19 Ocean Drive, Oxnard, California [Docket Nos. 452 and 453] (the “Ocean Dr. Sale Motion”). The
20 Ocean Dr. Sale Motion was approved, and the sale subsequently closed. *See* [Docket No. 492].

21 **2. Poinsettia Sale Motion**

22 On December 20, 2023, the Trustee filed a motion to sell the Debtor’s property located at 161
23 Poinsettia Place, Los Angeles, California (the “Poinsettia Sale Motion”) [Docket Nos. 537 and 538].
24 The Poinsettia Sale Motion was approved, and the sale subsequently closed. *See* [Docket No. 602].

25 **3. Whitewater Sale Motion**

26 On April 12, 2024, the Trustee filed a motion to sell the Debtor’s property located at 2560 N.
27 Whitewater Club Drive, Unit B, Palm Springs, California (the “Whitewater Sale Motion”) [Docket
28 Nos. 710 and 711]. The Whitewater Sale Motion was approved, and the sale subsequently closed.
See [Docket No. 726].

29 **4. BadCo. Sale Motion**

30 On June 19, 2024, the Trustee filed a motion to sell the Debtor’s equity interest in Bay Area
31 Development Company (the “BadCo. Sale Motion”) [Docket No. 740]. The BadCo. Sale Motion was
32 approved, and the sale subsequently closed. *See* [Docket No. 773].

33 **5. Leonardo Plaza Sale Motion**

34 On January 22, 2025, the Trustee, in his business judgment, filed a motion to approve the sale
35 of the Leonardo Plaza Hotel Property for the benefit of the Debtor’s creditors [Docket No. 895] (the
36 “Leonard Plaza Sale Motion”). The Leonardo Plaza Sale Motion was granted on February 13, 2025.
37 *See* [Docket No. 920].

1 **D. June St. Property**

2 The Trustee commenced an adversary proceeding (Adv. Case No. 24-01140) seeking a
3 determination that the Estate owns a 100% interest in the June St. Property. The Bankruptcy Court
4 granted the Trustee's summary judgment motion finding that the Estate owns 100% of the June St.
5 Property. *See* [Adv. Pro. Docket No. 62], which was subsequently affirmed by the Bankruptcy
6 Appellate Panel. *See* [BAP Docket No. 20]. The Trustee is currently marketing the June St. Property
7 for sale. The June St. Property is wholly unencumbered except for certain outstanding property taxes
8 and an exemption in favor of the Debtor in the amount of \$189,050.00. *See* [Docket No. 141].

9 **E. Estate's Equity Interest in LCG**

10 In June 2011, the Debtor formed LCG with Shlomo Rechnitz, and they each own a 50% interest
11 in LCG. LCG was formed for the purpose of acquiring life insurance policies that the Debtor originally
12 owned and maintained. However, upon the formation of LCG, the life insurance policies acquired by
13 LCG were maintained by LCG with Mr. Rechnitz providing the necessary capital to pay premiums for
14 each life insurance policy.

15 Upon the maturity of a life insurance policy, LCG is paid cash pursuant to the terms of the
16 matured life insurance policy and the proceeds are distributed in accordance with the terms of the LCG
17 Operating Agreement. Around the Petition Date, two life insurance policies held by LCG matured.
18 LCG subsequently engaged with the Trustee and distributed \$745,353.42 and \$1,442,631.77 to the
19 Trustee, which the Trustee retained on behalf of the Estate.

20 LCG currently holds fourteen life insurance policies. In the Fall of 2025, the life insurance
21 policy for Rozy Pearl Zimmerman matured. While the foregoing policy has matured, the life insurance
22 company has not yet made a payment to LCG on account of the matured policy.

23 **F. Executory Contracts and Unexpired Leases**

24 Annexed hereto as **Exhibit "C"** is a list of contracts that the Trustee intends to assume for
25 purposes of preserving the Estate's rights and benefits therein. Because the Debtor provided the
26 Trustee with very little or no records or other bookkeeping regarding Estate Assets, the Trustee intends
27 to preserve all executory contracts of the Estate so they are not automatically rejected by operation of
law upon the Effective Date of the Plan. Accordingly, all executory contracts not expressly listed on
Exhibit "C" hereto are preserved so that the Trustee or the Liquidating Trustee, as the case may be,
can review any contract to determine whether or not such contract should be assumed or rejected.
Upon the Effective Date, contracts that are not otherwise listed on **Exhibit "C"** are preserved and held
in abeyance until the Trustee files a notice with the Court making the necessary election to either
assume or reject a contract. The rights and defenses of the Estate and the counterparty to the applicable
contracts are preserved.

28 The Trustee is not aware of any unexpired leases in the Debtor's name. As a result, if there
29 were any unexpired leases they were rejected by operation of law pursuant to section 365(d) of the
30 Bankruptcy Code.

31 **G. Schedules of Assets and Liabilities and Establishment of Bar Dates**

32 On March 8, 2023, the Debtor filed his Schedules of Assets and Liabilities and Statement of
33 Financial Affairs, which provided the Debtor's overview of assets, liabilities, and a description and/or
34 listing of the various actions that represented claims against and claims in favor of the Estate. See
35 [Docket No. 34] (collectively, the "**Schedules**"). The Debtor made or attempted to make various
36 amendments to the Schedules as reflected in [Docket Nos. 61, 70, 875, and 878].

37 On February 27, 2023, the Debtor filed a notice setting May 3, 2023 as the deadline for any
38 persons or other entities (except for governmental entities) that wish to assert a prepetition claim

1 against the Debtor, to file a proof of claim or forever be barred from asserting such claim (the “**General**
2 **Bar Date**”).
3

4 VII.

5 **THE CHAPTER 11 PLAN**

6 As a result of the chapter 11 process and through the Liquidation Trust and the Plan, the Trustee
7 expects that creditors will obtain a greater recovery from the Estates than the recovery that would be
8 available if the Assets had been liquidated under chapter 7 of the Bankruptcy Code. The Plan is
9 annexed hereto as **Exhibit “A”** and forms part of this Disclosure Statement. The summary of the Plan
10 set forth below is qualified in its entirety by the more detailed provisions set forth in the Plan.
11

12 **A. Classification and Treatment of Claims**

13 **1. Administrative Expense Claims**

14 a. ***Treatment.*** Except as otherwise provided in Section 5.1(b) of the Plan, or to
15 the extent that a Holder of an Allowed Administrative Expense Claim agrees to different treatment
16 with the Trustee or Liquidation Trustee, each Holder of an Allowed Administrative Expense Claim
17 shall receive Cash in an amount equal to the unpaid amount of such Allowed Administrative Expense
18 Claim on the later of the Effective Date or the date on which such Administrative Expense Claim
19 becomes an Allowed Administrative Expense Claim, or as soon thereafter as is reasonably practicable;
20 *provided, however,* that Allowed Administrative Expense Claims representing liabilities incurred in
21 the ordinary course of business by the Trustee (in his administration of the Estate) prior to the Effective
22 Date, shall be paid by the Trustee in his capacity as the representative of the Estate, in the ordinary
23 course of business, consistent with past practice and in accordance with the terms and subject to the
24 conditions of any agreements governing, instruments evidencing, or other documents relating to such
25 transactions, including, but not limited to, any applicable orders of the Bankruptcy Court. In addition,
26 Allowed Administrative Expense Claims of the United States Trustee for statutory fees under 28
27 U.S.C. § 1930 incurred prior to the Effective Date shall be paid on the Effective Date by the Estate,
28 and thereafter, as such fees may thereafter accrue and be due and payable, by the Liquidation Trustee
in accordance with the applicable schedule for payment of such fees.

1. ***Administrative Expense Claims Bar Date.*** To be eligible to receive
2. Distributions under the Plan on account of an Administrative Expense Claim that is not otherwise
3. Allowed by the Plan, a request for payment of an Administrative Expense Claim must have been or
4. be filed with the Bankruptcy Court on or before the First Administrative Expense Claims Bar Date or
5. the Second Administrative Expense Claims Bar Date, as applicable, or such other date as may be
6. agreed to by the Liquidation Trustee. Any Administrative Expense Claims that are not asserted in
7. accordance herewith and with Section 5.1(a) of the Plan shall be disallowed under the Plan and shall
8. be forever barred against the Debtor’s Estate, the Liquidation Trust, or any of their Assets or property,
9. and the Holder thereof shall be enjoined from commencing or continuing any action, employment of
10. process or act to collect, offset, recoup or recover such Claim.
11

12 **2. Professional Fee Claims.**

13 Each Professional requesting compensation for services rendered and reimbursement for
14 expenses incurred during the period from the Petition Date through the Effective Date must (i) file and
15 serve a properly noticed final fee application by no later than 45 days after the Effective Date and (ii)
16 be paid (a) the full unpaid amount as is Allowed by the Bankruptcy Court within 14 calendar days
17 after the date that such Claim is Allowed by Order of the Bankruptcy Court, or (b) upon such other
18 terms as may be mutually agreed upon between the Holder of such an Allowed Professional Fee Claim
19 and the Liquidation Trustee. Any Professional Fee Claim that is not asserted in accordance with
20 Section 5.2 of the Plan shall be deemed disallowed under the Plan and shall be forever barred against
21 the Estate, the Liquidation Trust, or any of their Assets or property, and the Holder thereof shall be
22

1 enjoined from commencing or continuing any action, employment of process or act to collect, offset,
2 recoup or recover such Claim.

3 a. ***Professional Fee Estimate.*** Professionals shall estimate in good faith their
4 unpaid Professional Fee Claims and other unpaid fees and expenses incurred in rendering services to
5 the Trustee before and as of the Effective Date and shall deliver such reasonable, good faith estimate
6 to the Trustee no later than 7 calendar days prior to the Effective Date; *provided*, that such estimate
7 shall not be deemed to limit the amount of the fees and expenses that are the subject of the
8 Professional's final request for payment of Professional Fee Claims. If a Professional does not provide
9 an estimate, the Trustee shall estimate in good faith the unpaid and unbilled fees and expenses of such
10 Professional.

11 b. ***Professional Fee Escrow.*** If the Professional Fee Claims Estimate is greater
12 than zero, as soon as reasonably practicable and no later than the Effective Date, the Trustee shall fund
13 the Professional Fee Escrow Account with Cash equal to the Professional Fee Claims Estimate, and
14 no Liens, Claims, or Interests shall encumber the Professional Fee Escrow in any way. The
15 Professional Fee Escrow Account (including funds held in the Professional Fee Escrow) (i) shall not
16 be and shall not be deemed property of the Estate or the Liquidation Trust and (ii) shall be held in trust
17 for the Professionals; *provided*, that funds remaining in the Professional Fee Escrow Account after all
18 Allowed Professional Fee Claims have been irrevocably paid in full shall revert to the Liquidation
19 Trust. Allowed Professional Fee Claims shall be paid in Cash to such Professionals from funds held
20 in the Professional Fee Escrow Account when such Claims are Allowed by an order of the Bankruptcy
21 Court; *provided further*, that the Estate's obligations with respect to Professional Fee Claims shall not
22 be limited nor deemed to be limited in any way to the balance of funds held in the Professional Fee
23 Escrow Account.

24 If the amount of funds in the Professional Fee Escrow Account is insufficient to fund payment
25 in full of all Allowed Professional Fee Claims and any other Allowed amounts owed to Professionals,
26 the deficiency shall be promptly funded to the Professional Fee Escrow Account from the Estate
27 without any further action or order of the Bankruptcy Court.

3. **Priority Tax Claims**

4 Except to the extent that a Holder of an Allowed Priority Tax Claim agrees to a different
5 treatment of such Claim, each Holder of an Allowed Priority Tax Claim, if any such Claim exists,
6 shall receive Cash in an amount equal to the unpaid portion of such Allowed Priority Tax Claim on,
7 or as soon thereafter as is reasonably practicable, the date that is 90 calendar days after the Effective
8 Date.

4. **Class 1: Other Priority Claims**

5 a. ***Classification.*** Class 1 consists of all Allowed Other Priority Claims against
6 the Estate that are specified as having priority in section 507(a) of the Bankruptcy Code if any such
7 Claims exist as of the Effective Date.

8 b. ***Treatment.*** Except to the extent that a Holder of an Allowed Other Priority
9 Claim against the Estate has agreed to a different treatment of such Claim, each such Holder shall
10 receive, in full and final satisfaction, settlement, release, and discharge of each such Allowed Other
11 Priority Claim, Cash in an amount equal to such Allowed Other Priority Claim, on or as soon as
12 reasonably practicable after the latest of (i) the Effective Date, (ii) the date the Other Priority Claim
13 becomes an Allowed Claim, and (iii) the date for payment provided by any agreement or arrangement
14 between the applicable Debtor or the Liquidation Trustee and the Holder of the Allowed Other Priority
15 Claim against the applicable Debtor.

16 c. ***Projection.*** The Trustee estimates that the Holders of Class 1 Other Priority
17 Claims will receive distributions equal to 100% of their Allowed Other Priority Claims.

1 **5. Class 2: Secured Tax Claims**

2 a. ***Classification.*** Class 2 consists of all Allowed Secured Tax Claims against the
3 Estate that, absent the secured status of such Claim, would be entitled to priority in right of payment
3 under section 507(a) of the Bankruptcy Code if any such Claims exist as of the Effective Date.

4 b. ***Treatment.*** Each Holder of an Allowed Secured Tax Claim against the Estate
5 shall receive, in full and final satisfaction, settlement, release, and discharge of each such Allowed
6 Secured Tax Claim, Cash in an amount equal to such Allowed Secured Tax Claim, on or as soon as
7 reasonably practicable after the latest of (i) the Effective Date, (ii) the date the Secured Tax Claim
8 becomes an Allowed Claim, and (iii) the date for payment provided by any agreement or arrangement
between the applicable Debtor or the Liquidation Trustee and the Holder of the Secured Tax Claim.
The Trustee and the Liquidation Trustee (after the Effective Date) specifically reserve the right to
challenge the validity, nature, and perfection of, and to avoid, pursuant to the provisions of the
Bankruptcy Code and other applicable law, any purported liens relating to the Secured Tax Claims.

9 c. ***Projection.*** The Trustee estimates that the Holders of Class 2 Allowed Secured
10 Tax Claims will receive distributions equal to 100% of their Allowed Secured Tax Claims.

11 **6. Class 3: Gestetner Secured Claim**

12 a. ***Classification.*** Class 3 consists of the Gestetner Secured Claim.

13 b. ***Treatment.*** On the later of the Effective Date or the date on which LCG makes
14 a distribution to the Estate or the Liquidating Trustee on account of the Debtor's equity interest in
15 LCG, the Holder of an Allowed Class 3 Gestetner Secured Claim will receive 50% of the distribution
16 made to the Estate or the Liquidating Trust, as the case may be, from LCG until the Gestetner Secured
17 Claim held by the Gestetners is paid in full.

18 c. ***Projection.*** The Trustee estimates that the holder of Allowed Class 3 Gestetner
19 Secured Claim will receive distributions equaling 100% of their Allowed Gestetner Secured Claim.

20 **7. Class 3(a): Other Secured Claims**

21 a. ***Classification.*** Class 3(a) consists of all Other Secured Claims.

22 b. ***Treatment.*** On the Effective Date, or as soon as reasonably practicable
23 thereafter, each Holder of an Allowed Class 3(a) Other Secured Claim will receive the collateral in
24 which such Holder has a security interest or lien; *provided, however*, if such action was already
25 undertaken prior to the Petition Date, in response to a stay relief request, by the Estate's abandonment,
or other similar action then the Liquidation Trustee need not take any further action; provided, further,
upon the request of a holder of an Allowed Class 3(a) Other Secured Claim it may elect to receive
such other and less favorable distributions or treatments as may be agreed upon by and between the
Holder of the Allowed Class 3(a) Other Secured Claim and the Liquidation Trustee.

26 **8. Class 4: General Unsecured Claims**

27 a. ***Classification.*** Class 4 consists of all General Unsecured Claims. The Trustee
28 will provide ballots to Holders of asserted Class 4 General Unsecured Claims.

29 b. ***Treatment.*** Except to the extent that a Holder of an Allowed Class 4 Claim
30 agrees to a different treatment of such Claim, each Holder of an Allowed Class 4 Claim will receive
31 its Pro Rata share of the Liquidating Trust Assets as soon as practicable as determined by the
32 Liquidation Trustee in accordance with the Liquidation Trust Agreement; *provided, however*, any
33 Allowed Class 4 Claim that is subordinated shall not receive any distribution unless and until all

1 holders of Allowed Class 4 Claims are paid in full or otherwise agree that their Claims have been
2 satisfied.

3 ***Projection.*** The Trustee estimates that the holders of Allowed Class 4 General Unsecured
4 Claims will receive distributions ranging from approximately 4% to 28% of their Allowed General
5 Unsecured Claims.

6 **B. Means for Implementation of the Plan**

7 **1. The Liquidation Trust**

8 a. ***Formation of the Liquidation Trust.*** On the Effective Date, the Liquidation
9 Trust shall be established pursuant to the Liquidation Trust Agreement for the purpose of
10 administering and liquidating the Liquidation Trust Assets, prosecuting and resolving the Causes of
11 Action, objecting to Claims, as necessary, and effectuating the Distributions to be made under the Plan
12 to the Holders of Allowed Claims in accordance with the terms of the Plan.

13 b. ***Federal Income Tax Treatment of the Liquidation Trust.*** For federal income
14 tax purposes, it is intended that the Liquidation Trust be classified as a “grantor trust” for federal
15 income tax purposes, pursuant to sections 671-677 of the Internal Revenue Code of 1986, as amended,
16 and that the Liquidation Trust be owned by the Beneficiaries. Accordingly, for federal income tax
17 purposes, it is intended that the Beneficiaries be treated as if they had received a distribution from the
18 Estate of an undivided interest in each of the Liquidation Trust Assets and then contributed such
19 interest to the Liquidation Trust.

20 c. ***Funding the Liquidation Trust.*** On the Effective Date, all of the Assets of the Estate,
21 including all Causes of Action, as well as the rights and powers of the Estate as held by the
22 Trustee, shall automatically vest in the Liquidation Trust. Specifically, and without limitation, the
23 Liquidation Trust, through the Liquidation Trustee, shall have the right to prosecute all Causes of
24 Action, and receive all accounts receivable and the proceeds related thereto.

25 d. ***Termination of Liquidation Trust.*** The duties, responsibilities, and powers of
26 the Liquidation Trustee shall terminate in accordance with the terms of the Plan and the Liquidation
27 Trust Agreement after (a) all the Liquidation Trust Assets have been fully administered, (b) all
28 reasonably possible Distributions have been made in accordance with the terms of the Plan, and (c) all
Disputed Claims have been resolved.

29 Upon the termination of the Liquidation Trust, the Liquidation Trustee shall file with the
30 Bankruptcy Court a report thereof, seeking an order discharging the Liquidation Trustee and a final
31 decree closing any open Chapter 11 Case. The Liquidation Trustee shall not unduly prolong the
32 duration of the Liquidation Trust. As efficiently and expeditiously as possible, the Liquidation Trustee
33 shall endeavor to resolve, settle, or otherwise dispose of all Liquidation Trust Assets, effect the
34 distribution of the Liquidation Trust Assets in accordance with the terms of the Plan, and terminate
35 the Liquidation Trust as soon as practicable.

36 e. ***Vesting and Transfer of Assets to the Liquidation Trust.*** Pursuant to section
37 1141(b) of the Bankruptcy Code, the Assets of the Estates shall vest in the Liquidation Trust; *provided,*
38 *however,* that the Liquidation Trustee may seek Bankruptcy Court approval to abandon or otherwise
39 not accept any Assets that the Liquidation Trustee believes, in good faith, have no meaningful value
40 to the Liquidation Trust; *provided, however,* that pursuant to an order of the Bankruptcy Court
41 following proper notice, the Liquidation Trustee may abandon any Assets to any Person.

42 As of the Effective Date, all Assets vested in the Liquidation Trust and all Assets dealt with in
43 the Plan, shall be free and clear of all Claims, Liens, and Interests except as otherwise specifically
44 provided in the Plan or in the Confirmation Order. The Liquidation Trustee shall make distributions
45 in accordance with the Plan and the Liquidation Trust Agreement.

f. ***Appointment and Powers of the Liquidation Trustee.*** The Liquidation Trustee shall be appointed pursuant to the Confirmation Order, as of the Effective Date. The Liquidation Trustee shall be the exclusive trustee of the Liquidation Trust Assets for purposes of 31 U.S.C. § 3713(b) and 26 U.S.C. § 6012(b)(3) as well as the representative of the Estates appointed pursuant to section 1123(b)(3)(B) of the Bankruptcy Code. The powers, rights, and responsibilities of the Liquidation Trustee shall be specified in and subject to the terms of the Liquidation Trust Agreement and shall include the authority and responsibility to: (i) receive, manage, invest, supervise and protect the Liquidation Trust Assets; (ii) pay taxes and other obligations incurred by the Liquidation Trust; (iii) retain and compensate, without further order of the Bankruptcy Court, the services of professionals (the “Liquidation Trust Professionals”) to advise and assist in the administration, prosecution and Distribution of Liquidation Trust Assets; (iv) calculate and implement Distributions of Distributable Cash (v) prosecute, compromise and settle all Disputed Claims and all claims and Causes of Action vested in the Liquidation Trust; and (vi) pay Professional Fees of professionals retained in the Chapter 11 Case that are Allowed pursuant to any order of the Bankruptcy Court, whether such Professional Fees were incurred before or after the Effective Date. Other rights and duties of the Liquidation Trustee shall be set forth in the Liquidation Trust Agreement.

The Liquidation Trustee shall have all of the rights and powers of a trustee in bankruptcy, a chapter 11 trustee and/or a debtor in possession to the same extent as would be held by those officers if the Plan had not been confirmed, and shall have the benefit of all time frames that would be applicable to actions by such officers, including without limitation pursuant to section 108 of the Bankruptcy Code

g. ***Compensation of Liquidation Trustee.*** The Liquidation Trustee shall be reasonably compensated out of the Liquidation Trust Assets for his or her services and reimbursed out of the Liquidation Trust for his or her reasonable expenses in accordance with the Liquidation Trust Agreement.

h. ***Resignation of Liquidation Trustee.*** The Liquidation Trustee may resign at any time. The Liquidation Trustee shall file such written resignation with the Bankruptcy Court. Any party in interest may request a hearing before the Bankruptcy Court regarding the Liquidation Trustee's resignation. If no such hearing is requested, the resignation shall take effect 30 days after the filing of the notice of resignation with the Bankruptcy Court. The resigning Liquidation Trustee shall, by the earliest date possible, deliver to the Liquidation Trustee's successor all of the Liquidation Trust Assets that were in the possession of the resigning Liquidation Trustee along with a complete record and inventory of all such Liquidation Trust Assets.

i. ***Removal of Liquidation Trustee.*** The Bankruptcy Court may remove a Liquidation Trustee for good cause shown on a motion submitted by a Beneficiary of the Liquidation Trust or the U.S. Trustee following notice to parties in interest, including without limitation, the Liquidation Trustee. The removal will take effect upon the date the Bankruptcy Court specifies. Any removed Liquidation Trustee shall, by the earliest date possible, deliver to the Liquidation Trustee's successor all of the Liquidation Trust Assets that were in the possession of the removed Liquidation Trustee along with a complete record and inventory of all such Liquidation Trust Assets.

j. ***Successor Liquidation Trustee.*** Any vacancy in the office of Liquidation Trustee shall be appointed by the Bankruptcy Court after notice and a hearing.

k. *Liability of the Liquidation Trustee.* The Liquidation Trustee shall not be personally liable for any claim asserted against the Liquidation Trust or the Liquidation Trustee, except as set forth below. The Liquidation Trustee shall not be liable for any error of judgment made in good faith or with respect to any action taken or omitted to be taken in good faith, unless with respect to the Liquidation Trustee's own respective fraud, gross negligence or willful misconduct. Notwithstanding anything to the contrary set forth herein or in the Liquidation Trust Agreement, no provision of the Plan or the Liquidation Trust Agreement shall be construed to relieve the Liquidation Trustee from liability for gross negligence, fraud or willful misconduct.

1 1. ***Indemnification.*** From and after the Effective Date, the Liquidation Trustee
2 and the independent contractors, employees, and/or professionals employed by the Liquidation Trust
3 (collectively, the “**Indemnified Parties**” and each an “**Indemnified Party**”) shall be, and hereby are,
4 indemnified by the Liquidation Trust, to the fullest extent permitted under applicable law, from and
5 against any and all claims, debts, dues, accounts, actions, suits, causes of action, bonds, covenants,
6 judgments, damages, attorneys’ fees and defense costs, and other assertions of liability arising out of
7 any such Indemnified Parties’ good faith exercise of what such Indemnified Party reasonably
8 understands to be its powers or the discharge of what such Indemnified Party reasonably understands
9 to be its duties conferred by the Plan, the Liquidation Trust Agreement, or by any order of the
10 Bankruptcy Court entered pursuant to, or in furtherance of, the Plan, applicable law, or otherwise
11 (except only for actions or omissions to act to the extent determined by a Final Order of a court of
12 competent jurisdiction to be due to such Indemnified Party’s own respective fraud, gross negligence
13 or willful misconduct), including but not limited to, acts or omissions concerning pursuing or not
14 pursuing any Causes of Action or objections to Claims, on and after the Effective Date. The foregoing
15 indemnification shall also extend to matters directly or indirectly, in connection with, arising out of,
16 based on, or in any way related to (i) the Plan; (ii) the services to be rendered pursuant to the Plan; (iii)
17 any document or information, whether verbal or written, referred to herein or supplied to the
18 Liquidation Trustee; or (iv) proceedings by or on behalf of any claimant or Creditor. Subject to the
19 terms of the Plan and the Liquidation Trust Agreement, the Liquidation Trust shall, on demand,
20 advance or pay promptly, in either case from the Liquidation Trust Reserve, on behalf of each
21 Indemnified Party, reasonable attorneys’ fees and other expenses and disbursements which such
22 Indemnified Party would be entitled to receive pursuant to the foregoing indemnification obligation;
23 provided, however, that any Indemnified Party receiving any such advance shall execute a written
24 undertaking to repay such advance amounts if a court of competent jurisdiction ultimately determines
25 that such Indemnified Party is not entitled to indemnification hereunder due to the gross negligence,
26 fraud, or willful misconduct of such Indemnified Party. Any person entitled to indemnification
27 hereunder shall have the right to employ such person’s own separate counsel in any such action,
28 payable solely from the Liquidation Trust Reserve, subject to the terms and conditions of the Plan.

1 The Liquidation Trustee is authorized, but not required, to obtain and purchase (solely from
2 funds in the Liquidation Trust Reserve) insurance coverage with respect to the responsibilities,
3 liabilities, and obligations of the Indemnified Parties under the Plan.

2 2. **The Source of Distributions**

1 The sources of all distributions and payments under the Plan are the Liquidation Trust Assets
2 (or proceeds of any Liquidation Trust Assets), including without limitation Cash and Distributable
3 Cash, proceeds of all Causes of Action, and proceeds of or recoveries from any other remaining
4 property of the Estate.

5 3. **Claims Reconciliation Process**

6 From and after the Effective Date, the Liquidation Trust shall be solely responsible for
7 objecting to Claims which are not otherwise Allowed.

8 4. **Preservation of Right to Conduct Investigations**

9 Any and all rights to conduct investigations pursuant to Bankruptcy Rule 2004 held by the
10 Debtor, the Estate, or the Trustee prior to the Effective Date shall vest with the Liquidation Trust upon
11 the Effective Date and shall continue in effect until dissolution or termination of the Liquidation Trust.

12 5. **Preservation of Privilege and Defenses**

13 No action taken by the Trustee in connection with the Plan shall be (or be deemed to be) a
14 waiver of any privilege or immunity of the Estate, as applicable, including any attorney-client privilege
15 or work-product privilege attaching to any documents or communications (whether written or oral)

(collectively, the “**Transferred Privileges**”). The Confirmation Order shall provide that notwithstanding the Trustee, or the Debtor, as the case may be, providing any Transferred Privileges to the Liquidation Trustee, the Liquidation Trust, or any party or Person associated with the Liquidation Trust, such Transferred Privileges shall be without waiver in recognition of the joint and/or successorship interest in prosecuting any Claim or Cause of Action on behalf of the Estates and shall remain privileged and shall vest in the Liquidation Trust, in trust, and, consistent with sections 1123(a)(5)(B) and 1123(b)(3)(B) of the Bankruptcy Code, for the sole benefit of the Liquidation Trustee and the Liquidation Trust beneficiaries; *provided, however*, the Liquidation Trustee shall not share information protected by any Transferred Privilege with a holder of a general unsecured claim to the extent that such protected information implicates the claims the creditors have against the Liquidation Trust or claims the Liquidation Trust has against the Holder of a Claim; *provided further, however*, that the Liquidation Trustee shall not waive any Transferred Privilege, or otherwise disclose any material subject to a Transferred Privilege, to the extent such Transferred Privilege is held jointly with a third party, without the express written consent of such third party.

6. **Abandonment of Property**

If and to the extent the Liquidation Trustee determines to abandon any Liquidation Trust Assets, then the Liquidation Trustee may abandon such assets in accordance with the Plan or any further order of the Bankruptcy Court.

C. **Claims Reconciliation Process**

1. **Objections to, and Resolution, of Disputed Claims**

From and after the Effective Date, the Liquidation Trust shall have the exclusive authority to compromise, resolve, and Allow any Disputed Claim without the need to obtain approval from the Bankruptcy Court, subject to the Liquidation Trust Agreement, and any agreement entered into by the Liquidation Trust with respect to the Allowance of any Claim shall be conclusive evidence and a final determination of the Allowance of such Claim; *provided, however*, that, under the Plan, all Disputed Claims will have no right to receive any Distributions under the Plan unless and until such Claims are affirmatively Allowed by a Final Order.

2. **Claim Objections**

All objections to Claims (other than Professional Fee Claims) shall be filed by the Liquidation Trust on or before the Claim Objection Deadline, which date may be extended by filing a motion on or before the then Claim Objection Deadline. If a timely objection has not been filed to a proof of claim or the Schedules have not been amended with respect to a Claim that was Scheduled by the Debtor but was not Scheduled as contingent, unliquidated, or disputed, then the Claim to which the proof of claim or Scheduled Claim relates will be treated as an Allowed Claim.

3. **Estimation of Certain Claims**

The Liquidation Trust may, at any time, move for a Bankruptcy Court order estimating any contingent Claim, Disputed Claim, or unliquidated Claim pursuant to section 502(c) of the Bankruptcy Code, regardless of whether the Trustee has previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction and power to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal relating to any such objection. The estimated amount of any Claim so determined by the Bankruptcy Court shall constitute the maximum recovery that the Holder thereof may recover after the ultimate liquidation of its Claim, irrespective of the actual amount that is ultimately Allowed. All of the aforementioned Claims objection, estimation, and resolution procedures are cumulative and are not necessarily exclusive of one another.

1 **D. Distributions Under the Plan**

2 **1. Manner of Cash Payments.**

3 Cash payments to Holders of Allowed Claims will be denominated in U.S. dollars and will be
4 made by checks drawn on a domestic bank selected by the Liquidation Trustee or, at the Liquidation
4 Trustee's option, by wire transfer from a domestic bank.

5 **2. Setoff and Recoupment**

6 **NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE PLAN, THE LIQUIDATION TRUSTEE, ON BEHALF OF THE LIQUIDATION TRUST, MAY SETOFF, RECOUP, OR WITHHOLD AGAINST DISTRIBUTIONS ON ACCOUNT OF ANY CLAIM OR ANY ADMINISTRATIVE EXPENSE CLAIM, ANY CLAIMS THAT THE ESTATE OR THE LIQUIDATION TRUST MAY HAVE AGAINST THE HOLDER OF SUCH CLAIM OR ADMINISTRATIVE EXPENSE CLAIM. THE LIQUIDATION TRUST AND THE LIQUIDATION TRUSTEE WILL NOT BE DEEMED TO WAIVE OR RELEASE ANY CLAIM AGAINST THE HOLDER OF SUCH CLAIM OR ADMINISTRATIVE EXPENSE CLAIM BY FAILING TO EFFECT SUCH A SETOFF OR RECOUPMENT; BY ALLOWING ANY CLAIM OR ADMINISTRATIVE EXPENSE CLAIM, AS APPLICABLE, AGAINST THE ESTATE OR THE LIQUIDATION TRUST; OR BY MAKING A DISTRIBUTION ON ACCOUNT OF SUCH CLAIM OR ADMINISTRATIVE EXPENSE CLAIM.**

12 **3. No Distributions With Respect to Disputed Claims**

13 Notwithstanding any other Plan provision, Distributions will be made on account of a Disputed
14 Claim only after, and only to the extent that, the Disputed Claim becomes an Allowed Claim.

15 **4. Reserve for Disputed Claims and Administrative Expenses**

16 Liquidating Trustee may maintain a reserve for any distributable amounts required to be set aside on account of Disputed Claims and cost associated with administering the Liquidating Trust and shall distribute such amounts (net of any expenses, including any taxes relating thereto), as provided herein and in the Liquidating Trust Agreement, as such Disputed Claims are resolved by Final Order, and such amounts shall be distributable in respect of such Disputed Claims as such amounts would have been distributable had the Disputed Claims been Allowed Claims as of the Effective Date, provided that no interest shall be distributable or accrue with respect thereto.

20 **5. Preservation of Causes of Action**

21 The Liquidation Trustee, on behalf of the Estate and/or the Liquidation Trust, shall retain, and may exclusively enforce, any and all claims, rights, or Causes of Action, whether arising before or after the Petition Date, in any court or other tribunal, including, without limitation, an adversary proceeding filed in this Chapter 11 Case. Subject to the Plan and the Liquidation Trust Agreement, the Liquidation Trustee, on behalf of the Estate and the Liquidation Trust, shall have the exclusive right, authority, and discretion to institute, prosecute, abandon, settle, or compromise on any reasonable terms any and all claims, rights and Causes of Action, and shall not be required to seek prior approval from the Bankruptcy Court to do so, except as otherwise provided in the Plan, and shall have the full rights and powers to commence and pursue any such Causes of Action (including, without limitation, any Avoidance Actions), on or after the Effective Date to at least the same extent as a trustee or debtor in possession could commence such actions prior to the Effective Date. With respect to any matter affecting Liquidation Trust Assets, the Liquidation Trustee stands in the shoes of the Estate and/or the Liquidation Trust and may take such actions in their name without the need to intervene in, amend any pending matters, proceedings, or actions, or obtain any further order of the Bankruptcy Court.

1 The Plan provides that the Liquidation Trustee is authorized to exercise and perform the rights,
2 powers, and duties held by the Estate and/or the Liquidation Trust, including without limitation the
3 authority under section 1123(b)(3) of the Bankruptcy Code to provide for the settlement, adjustment,
4 retention and enforcement of claims and interests of the Estate or the Liquidation Trust, including, but
5 not limited to all Causes of Action.

6 The Plan preserves all claims and Causes of Action against any and all third parties, including,
7 but not limited to, all creditors and interest holders, and others. Nothing contained in the Plan shall be
8 construed as an acknowledgment or concession regarding the existence or validity of any claim or
9 Cause of Action.

10 **E. Exculpation and Injunction**

11 **1. Term of Bankruptcy Injunction or Stay**

12 Except as otherwise expressly provided in the Plan or the Confirmation Order, all injunctions
13 or stays provided for in the Chapter 11 Case under sections 105 or 362 of the Bankruptcy Code, or
14 otherwise, and which are in effect on the confirmation Date, shall remain in full force and effect until
15 the Effective Date.

16 **2. Exculpation for Estate Fiduciaries.**

17 **Upon the occurrence of the Effective Date, except as otherwise specifically provided in
18 the Plan or any Plan Supplement, no Exculpated Party shall have or incur, and each Exculpated
19 Party shall be exculpated from any claim, obligation, cause of action, or liability for any
20 Exculpated Claim, except for gross negligence, willful misconduct, fraud, or criminal conduct,
21 but in all respects such entities shall be entitled to reasonably rely upon the advice of counsel
22 with respect to their duties and responsibilities pursuant to the Plan. The Exculpated Parties
23 have, and upon confirmation of the Plan, shall be deemed to have participated in good faith and
24 in compliance with the applicable provisions of the Bankruptcy Code with regard to the
25 distribution of consideration pursuant to the Plan and, therefore, are not, and on account of
26 such distributions shall not be, liable at any time for the violation of any applicable law, rule, or
27 regulation governing the solicitation of acceptances or rejections of the Plan or such
28 distributions made pursuant to the Plan.**

19 “Exculpated Claims” means any Claim related to any act or omission in connection with,
20 relating to, or arising out of the Chapter 11 Case, including the sale process, the formulation,
21 preparation, dissemination, negotiation, or filing of the disclosure statement, the Plan, or any contract,
22 instrument, release, or other agreement or document created or entered into in connection with the
23 disclosure statement or the Plan, the filing of the Chapter 11 Case, the pursuit of confirmation, the
24 pursuit of consummation, and the administration and implementation of the Plan, including the
25 distribution of property under the Plan or any other agreement.

26 “Exculpated Parties” means collectively: (a) the Trustee; (b) Pachulski Stang Ziehl & Jones
27 LLP as counsel to the Trustee; (c) Development Specialists, Inc. as the Trustee’s forensic accountant;
28 (d) Law Office of Eric Everett Hawes, landlord/tenant counsel to the Trustee, and (e) the Law Offices
29 of Goldfarb Gross Seligman & Co., special Israeli litigation counsel.

30 **3. Injunction**

31 **The Plan provides, and the Confirmation Order shall provide, among other things, that
32 any Person (other than the Trustee or the Liquidation Trustee) who has held, holds, or may hold
33 a claim against or right with respect to the Debtor’s Estate, the Assets, the Liquidation Trust, or
34 the Liquidation Trust Assets, or any claim against the Debtor’s Estate or the Liquidation Trust
35 for which the Debtor’s Estate or the Liquidation Trust are or may be liable is, with respect to
36 any such claim, interest, or right, permanently enjoined from and after the Effective Date from**

1 taking any of the following actions (other than actions taken in the Bankruptcy Court or in any
2 of the Chapter 11 Case to enforce any rights or obligations under the Plan or to defend
3 challenges to the validity or amount of a Disputed Claim), absent further order of the
4 Bankruptcy Court: (i) asserting, commencing, conducting, or continuing in any manner,
5 directly or indirectly, any suit, action or other proceeding of any kind (including, without
6 limitation, any proceeding in a judicial, arbitral, administrative or other forum) against or
7 affecting any of the Estate, the Assets, the Liquidation Trust, or the Liquidation Trust Assets,
8 on account of any claim for which the Estate or Liquidation Trustee are directly or indirectly
9 liable, including without limitation, by way of contribution, indemnity or otherwise; (ii)
10 enforcing, levying, attaching (including, without limitation, any prejudgment attachment),
11 collecting or otherwise recovering by any manner or means, whether directly or indirectly, any
12 judgment, award, decree or order against any of the Estate, the Assets, the Liquidation Trust,
13 or the Liquidation Trust Assets; (iii) creating, perfecting or otherwise enforcing in any manner,
14 directly or indirectly, any lien of any kind against the Estate, the Assets, the Liquidation Trust,
15 or the Liquidation Trust Assets; (iv) acting or proceeding in any manner, in any place
16 whatsoever, that does not conform to or comply with the provisions of the Plan; (v) prosecuting,
17 commencing, continuing or otherwise asserting any right, claim or cause of action released
18 pursuant to the Plan or that is otherwise inconsistent with the provisions of the Plan against the
19 Estate, the Assets, the Liquidation Trust, or the Liquidation Trust Assets; and (vi) acting to
20 obtain possession of the Liquidation Trust Assets or to exercise control over the Liquidation
21 Trust Assets or any rights or interests of the Estate, the Liquidation Trust, or the Liquidation
22 Trustee with respect to the Assets or the Liquidation Trust Assets. If the Liquidation Trustee,
23 the Liquidation Trust Assets or the Estate are injured by any willful violation of such injunction,
24 the Liquidation Trustee shall be entitled to seek actual damages, including costs and attorneys' fees,
25 and, in appropriate circumstances, punitive damages, from the willful violator(s). Notwithstanding
26 the foregoing, holders of Disputed Claims are not enjoined from and shall retain all rights to defend or prosecute such Disputed Claims in the Bankruptcy Court,
27 including, without limitation, the right to assert affirmative defenses, setoff, or recoupment, if
28 applicable. Nothing herein shall impair or delay any rights of any Holder of a Claim against the
Estate, the Assets, the Liquidation Trust, or the Liquidation Trust Assets, to pursue any action
against the Debtor or any third party who may be directly liable to such Holder.

Nothing contained in Section 12.3 of the Plan shall be construed to in any way enjoin, prevent, or limit the Liquidation Trustee's rights, power, and authority under the Plan and the Liquidation Trust Agreement.

Nothing contained in Section 12.3 of the Plan shall be construed to in any way enjoin, prevent, or limit the ability of a party that was granted relief from the automatic stay during the Chapter 11 Case to liquidate its claims, or from continuing to liquidate such claims, in the applicable court.

F. Executory Contracts and Unexpired Leases

1. Rejection

Upon the Effective Date, all agreements executed by the Trustee before the Effective Date, other than agreements that were previously either assumed and assigned or rejected by a Final Order, to the extent that these agreements constitute executory contracts under section 365 of the Bankruptcy Code, shall be held in abeyance until the Liquidating Trustee elects to assume or reject such executory contract. The order approving such assumption or rejection, as the case may be, shall constitute a Final Order under section 365 of the Bankruptcy Code approving such assumption or rejection. Any unexpired leases that were not assumed or rejected by a prior Final Order are rejected upon entry of the Confirmation Order, which shall constitute a Final Order under section 365 of the Bankruptcy Code approving such rejection of an unexpired lease.

2. Bar Date for Rejection Damage Claims

Any Rejection Damage Claims arising from rejection under the Plan of an executory contract or unexpired lease must be filed with the Bankruptcy Court and served on the Liquidation Trustee and his or her counsel within 30 days after the (a) Effective Date or (b) the date of the Final Order approving the rejection of such executory contract or unexpired lease. Any Rejection Damage Claims that are not timely filed and served will be forever barred and unenforceable against the Estate, the Liquidation Trust, and the Liquidation Trustee, and their property, and the entities holding these Claims will be barred from receiving any Distributions under the Plan on account of their Rejection Damage Claims. The Liquidation Trustee shall have the right to object to any such Rejection Damage Claims.

G. Retention of Jurisdiction

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, on and after the Effective Date, the Bankruptcy Court shall retain jurisdiction over all matters arising out of, or related to, the Chapter 11 Case and the Plan.

H. Miscellaneous Plan Provisions

1. Conditions Precedent to the Effective Date

The Plan will not be consummated or become binding unless and until the Effective Date occurs. The Effective Date will be the first Business Day after the following conditions have been satisfied: (i) the Confirmation Order, in a form reasonably acceptable to the Trustee, shall have been entered by the Bankruptcy Court; (ii) the Confirmation Order is not stayed; (iii) the Liquidation Trustee and the Trustee shall have signed the Liquidation Trust Agreement; (iv) the funding of the Professional Fee Escrow Account shall have occurred; and (v) no material adverse effect has occurred in respect of the Assets. Each of these conditions precedent may be waived in whole or in part by the Trustee without further notice or order of the Bankruptcy Court.

VIII.

CONFIRMATION AND CONSUMMATION PROCEDURES

A. Overview

A chapter 11 plan may provide anything from a complex restructuring of a debtor's business and its related obligations to a simple liquidation of the debtor's assets. In either event, upon confirmation of the plan, it becomes binding on the debtor's estate and all of its creditors, and the obligations owed by the estate to such parties are compromised and exchanged for the obligations specified in the plan. Before soliciting acceptances of the proposed plan, section 1125 of the Bankruptcy Code requires the plan proponent to prepare and file a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment about the plan. **This Disclosure Statement is presented to holders of Claims against the Estate to satisfy the requirements of section 1125 of the Bankruptcy Code in connection with the Trustee's solicitation of votes on the Plan.**

If all classes of claims accept a chapter 11 plan, the bankruptcy court may confirm the plan if the bankruptcy court independently determines that the requirements of section 1129(a) of the Bankruptcy Code have been satisfied. Section 1129(a) sets forth the requirements for confirmation of a plan and, among other things, requires that a plan meet the “best interests of creditors” test and be “feasible.” The “best interests” test generally requires that the value of the consideration to be distributed to the holders of claims or equity interests under a plan may not be less than those parties would receive if the debtor were liquidated pursuant to a hypothetical liquidation occurring under chapter 7 of the Bankruptcy Code. Under the “feasibility” requirement, the bankruptcy court generally

1 must find that there is a reasonable probability that the debtor will be able to meet its obligations under
2 its plan without the need for further financial reorganization. **The Trustee believes that the Plan
satisfies all the applicable requirements of section 1129(a) of the Bankruptcy Code, including, in
particular, the best interests of creditors' test and the feasibility requirement.**

3
4 The Bankruptcy Code does not require that each holder of a claim or interest in a particular
5 class vote in favor of a plan of reorganization for the bankruptcy court to determine that the class has
6 accepted the plan. Rather, a class of creditors will be determined to have accepted the plan if the
7 bankruptcy court determines that the plan has been accepted by a majority in number and two-thirds
8 in amount of those claims actually voting in such class. Similarly, a class of equity security holders
9 will have accepted the plan if the bankruptcy court determines that the plan has been accepted by
10 holders of two-thirds of the number of shares actually voting in such class.

11
12 In addition, classes of claims or equity interests that are not “impaired” under a plan of
13 reorganization or liquidation are conclusively presumed to have accepted the plan and thus are not
14 entitled to vote. Furthermore, classes that are to receive no distribution under the plan are conclusively
15 deemed to have rejected the plan. Accordingly, acceptances of a plan will generally be solicited only
16 from those persons who hold claims or equity interests in an impaired class. A class is “impaired” if
17 the legal, equitable, or contractual rights associated with the claims or equity interests of that class are
18 modified in any way under the plan. Modification for purposes of determining impairment, however,
19 does not include curing defaults and reinstating maturity on the effective date of the plan. **Class 3
(Gestetner Secured Claim), Class 3(a) (Other Secured Claims), and Class 4 (General Unsecured
Claims) are impaired under the Plan and entitled to vote on the Plan.**

20
21 A bankruptcy court also may confirm a chapter 11 plan even though fewer than all the classes
22 of impaired claims accept such plan. For a chapter 11 plan to be confirmed despite its rejection by a
23 class of impaired claims or equity interests, the plan must be accepted by at least one class of impaired
24 claims (determined without counting the vote of insiders) and the proponent of the plan must show,
25 among other things, that the plan does not “discriminate unfairly” and that the plan is “fair and
equitable” with respect to each impaired class of claims or equity interests that has not accepted the
plan.

26
27 Under section 1129(b) of the Bankruptcy Code, a plan is “fair and equitable” as to a rejecting
28 class of claims or equity interests if, among other things, the plan provides: (a) with respect to secured
claims, that each such holder will receive or retain on account of its claim property that has a value,
as of the effective date of the plan, equal to the allowed amount of such claim; and (b) with respect to
unsecured claims and equity interests, that the holder of any claim or equity interest that is junior to
the claims or equity interests of such class will not receive or retain on account of such junior claim
or equity interest any property from the estate, unless the senior class receives property having a value
equal to the full amount of its allowed claim.

29
30 A plan does not “discriminate unfairly” against a rejecting class of claims or equity interests if
31 (a) the relative value of the recovery of such class under the plan does not differ materially from that
32 of any class (or classes) of similarly situated claims or equity interests, and (b) no senior class of claims
33 or equity interests is to receive more than 100% of the amount of the claims or equity interest in such
class.

34
35 **B. Confirmation of the Plan**

36
37 **1. Elements of Section 1129 of the Bankruptcy Code**

38
39 At the confirmation Hearing, the Bankruptcy Court will confirm the Plan only if all of the
40 conditions to confirmation under section 1129 of the Bankruptcy Code are satisfied, including the
41 following:

- 1 a. The Plan complies with the applicable provisions of the Bankruptcy Code.
- 2 b. The Trustee has complied with the applicable provisions of the Bankruptcy
- 3 Code.
- 4 c. The Plan has been proposed in good faith and not by any means proscribed by
- 5 law.
- 6 d. Any payment made or promised by the Trustee or by an entity issuing securities
- 7 or acquiring property under the Plan for services or for costs and expenses in,
- 8 or in connection with, the Chapter 11 Case, or in connection with the Plan and
- 9 incident to the Chapter 11 Case, has been disclosed to the Bankruptcy Court;
- 10 and any such payment made before the confirmation of the Plan is reasonable,
- 11 or if such payment is to be fixed after confirmation of the Plan, such payment
- 12 is subject to the approval of the Bankruptcy Court as reasonable.
- 13 e. The Trustee has disclosed the identity and affiliations of any individual
- 14 proposed to serve, after confirmation of the Plan, as a director, officer or voting
- 15 trustee of the Debtor or a successor to the Debtor under the Plan and the
- 16 appointment to, or continuance in, such office of such individual is consistent
- 17 with the interests of creditors and equity holders and with public policy, and the
- 18 Debtor have disclosed the identity of any insider that will be employed or
- 19 retained by such Debtor, and the nature of any compensation for such insider.
- 20 f. With respect to each impaired class of Claims, each holder of an impaired Claim
- 21 or either has accepted the Plan or will receive or retain under the Plan, on
- 22 account of the Claims or Interests held by such entity, property of a value, as of
- 23 the applicable consummation date under the Plan, that is not less than the
- 24 amount that such entity would receive or retain if the Debtor was liquidated on
- 25 such date under chapter 7 of the Bankruptcy Code.
- 26 g. In the event that the Trustee does not move to confirm the Plan non-
- 27 consensually, each class of Claims entitled to vote has either accepted the Plan
- 28 or is not impaired under the Plan.
- 29 h. Except to the extent that the holder of a particular Claim has agreed to a
- 30 different treatment of such Claim, the Plan provides that Administrative Claims
- 31 and Priority Claims will be paid in full on the applicable consummation date
- 32 and that Tax Claims will be paid in full, in cash, on the applicable
- 33 consummation date or as soon as practicable thereafter; however, the Trustee
- 34 shall have the right to make deferred cash payments on account of such Tax
- 35 Claims over a period not exceeding six (6) years after the date of assessment of
- 36 such Claims, having a value, as of the applicable consummation date, equal to
- 37 the allowed amount of such Claims.
- 38 i. At least one impaired class of Claims has accepted the Plan, determined without
- 39 including any acceptance of the Plan by any insider holding a Claim in such
- 40 class.

- 1
- 2 j. Confirmation of the Plan is not likely to be followed by the liquidation or the
3 need for further financial reorganization of the Debtor or any other successor to
4 the Debtor under the Plan, unless such liquidation or reorganization is proposed
5 in the Plan.
- 6 k. All fees payable under section 1930 of Bankruptcy Code, as determined by the
7 Bankruptcy Court at the confirmation Hearing, have been paid or the Plan
8 provides for the payment of all such fees on the Effective Date of the Plan.
- 9 l. The Plan provides for the continuation after the consummation of the Plan of
10 payment of all retiree benefits at the level established under section
11 1114(e)(1)(B) or (g) of the Bankruptcy Code at any time prior to confirmation
12 of the Plan, for the duration of the period the Debtor has obligated itself to
13 provide such benefits.
- 14 m. If the debtor is required by a judicial or administrative order, or by statute, to
15 pay a domestic support obligation, the debtor has paid all amounts payable
16 under such order or such statute for such obligation that first become payable
17 after the date of the filing of the petition.
- 18 n. In a case in which the debtor is an individual and in which the holder of an
19 allowed unsecured claim objects to the confirmation of the plan—**(A)** the value,
20 as of the effective date of the plan, of the property to be distributed under the
21 plan on account of such claim is not less than the amount of such claim; or **(B)**
22 the value of the property to be distributed under the plan is not less than the
23 projected disposable income of the debtor (as defined in section 1325(b)(2)) to
24 be received during the 5-year period beginning on the date that the first payment
25 is due under the plan, or during the period for which the plan provides
26 payments, whichever is longer.
- 27 o. All transfers of property under the plan shall be made in accordance with any
28 applicable provisions of nonbankruptcy law that govern the transfer of property
29 by a corporation or trust that is not a moneyed, business, or commercial
30 corporation or trust.

31 **The Trustee believe that the Plan will satisfy all the statutory provisions of chapter 11 of
32 the Bankruptcy Code, that the Trustee has complied or will have complied with all of the
33 provisions of the Bankruptcy Code, and that the Plan is being proposed and will be submitted
34 to the Bankruptcy Court in good faith.**

35 **2. Acceptance**

36 A class of Claims will have accepted the Plan if the Plan is accepted, with reference to a class
37 of Claims, by at least two-thirds in amount and more than one-half in number of the Allowed Claims
38 of each such class of Claims.

39 **3. Best Interests of Creditors Test**

40 Section 1129(a)(7) of the Bankruptcy Code requires that each holder of an impaired allowed
41 claim or interest either (i) accept the Plan or (ii) receive or retain under the Plan property of a value,
42 as of the Effective Date, that is not less than the value such holder would receive or retain if the Debtor

1 was liquidated under chapter 7 of the Bankruptcy Code on the Effective Date (the “**Best Interests**
2 **Test**”). The first step in meeting this test is to determine the dollar amount that would be generated
3 from a hypothetical liquidation of the Debtor’s assets in the context of a chapter 7 liquidation in which
4 a chapter 7 trustee is appointed and charged with reducing to cash any and all assets of the Debtor.
5 Accordingly, this is the assumption employed in preparing the Liquidation Analysis. The Bankruptcy
6 Court will determine whether the Cash and property issued under the Plan to each Class equals or
7 exceeds the value that would be allocated to the holders of Claims in a liquidation under chapter 7 of
8 the Bankruptcy Code. The Trustee believes that the holders of Claims against the Estate will have an
9 equal or greater recovery under the Plan than could be realized in a chapter 7 liquidation.

10 Accordingly, the only question is whether the creditors will have recovered more (or at least
11 as much) under the Plan than they would recover through a liquidation by a chapter 7 trustee.

12 To determine the value that a holder of a Claim in an Impaired Class would receive if the
13 Debtor was liquidated under chapter 7, the Bankruptcy Court must determine the aggregate dollar
14 amount that would be generated from the liquidation of the Debtor’s Assets if the Chapter 11 Case
15 had been converted to a chapter 7 liquidation case and the Debtor’s Assets were liquidated by a chapter
16 7 trustee (the “**Liquidation Value**”). The Liquidation Value would consist of the net proceeds from
17 distribution of the Debtor’s Assets, augmented by Cash held by the Debtor and reduced by certain
18 increased costs and Claims that arise in a chapter 7 liquidation case that do not arise in a chapter 11
19 case.

20 As explained below, the Liquidation Value available for satisfaction of Claims against the
21 Debtor would be reduced by: (a) the costs, fees, and expenses of the liquidation under chapter 7, which
22 would include disposition expenses and the compensation of a trustee and his counsel and other
23 retained professionals, (b) the fees of the chapter 7 trustee, and (c) certain other costs arising from
24 conversion of the Chapter 11 Case to chapter 7. The Liquidation Analysis attached hereto as **Exhibit**
25 **“B”** establishes that creditors will clearly benefit from confirmation of the Plan.

26 It is also anticipated that a chapter 7 liquidation would result in a significant delay in payments
27 being made to creditors. Bankruptcy Rule 3002(c) provides that conversion of the Chapter 11 Case to
28 chapter 7 will trigger a new bar date for filing claims against the Estate, and that the new bar date will
be more than 90 days after the Chapter 11 Case convert. Not only would a chapter 7 liquidation delay
distribution to creditors, but it is possible that additional Claims that were not asserted in the Chapter
11 Case, or were late-filed, could be filed against the Estate. Reopening the Bar Dates in connection
with conversion to chapter 7 would provide other claimants an additional opportunity to timely file
Claims against the Estate. Moreover, the Trustee would lose the benefit of having an established
Claim Bar Date.

29 After consideration of the effects that a chapter 7 liquidation would have on the ultimate
30 proceeds available for distribution to creditors in the Chapter 11 Case, including: (i) the increased
31 costs and expenses of a liquidation under chapter 7 arising from fees payable to a trustee in bankruptcy
32 and professional advisors to such trustee; and (ii) the substantial increases in claims which would be
33 satisfied on a priority basis or on parity with creditors in the Chapter 11 Case, the Trustee has
34 determined that confirmation of the Plan will provide each holder of a Claim or Interest with a greater
35 recovery than it would receive pursuant to liquidation of the Debtor under chapter 7 of the Bankruptcy
36 Code.

37 **4. Feasibility**

38 The Bankruptcy Code requires that confirmation of a plan is not likely to be followed by
39 liquidation or the need for further financial reorganization. Because distributions will be made only
40 to the extent of existing assets or future recoveries, the Trustee believes the Plan is feasible.

1 **C. Effect of Confirmation**

2 Under section 1141 of the Bankruptcy Code, the provisions of a confirmed plan bind the
3 debtor, any entity issuing securities under the plan, any entity acquiring property under the plan, and
4 any creditor or equity security holder, whether or not the claim or interest of such creditor or equity
5 security holder is impaired under the plan and whether or not such creditor or equity security holder
6 voted to accept the plan. Any discharge of the Debtor is subject to section 1141(d)(5) of the Bankruptcy
7 Code. Further, after confirmation of a plan, the property dealt with by the plan is free and clear of all
8 claims and interests of creditors and equity security holders, except as otherwise provided in the plan
9 or the confirmation order.

10 **IX.**

11 **CONCLUSION**

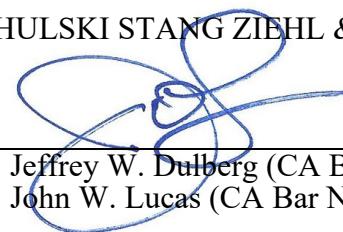
12 The Trustee believes that the Plan is in the best interest of all holders of Claims and urge all
13 holders of impaired Claims against the Debtor's Estate to vote to accept the Plan and to evidence such
14 acceptance by returning their ballots in accordance with the instructions accompanying the Disclosure
15 Statement.

16 Submitted by:

17 December 15, 2025

18 PACHULSKI STANG ZIEHL & JONES LLP

19 By

20 
21 Jeffrey W. Dulberg (CA Bar No. 181200)
22 John W. Lucas (CA Bar No. 271038)

23 *Counsel to the Bradley D. Sharp, Chapter 11
24 Trustee*

25 DOCS_LA:338919.11

1 **EXHIBIT A**

2 (Plan)

3 [Intentionally Omitted]

1 **EXHIBIT B**

2 **(Liquidation Analysis)**

	Plan Projections				Projected Ch. 7	
	High		Low		Amount	% Recovery
	Amount	% Recovery	Amount	% Recovery		
Total Assets [1]	\$ 24,754,400		\$ 10,491,906		\$ 9,991,906	
Gestetner Secured Claim	(2,494,106)	100%	(2,494,106)	100%	(2,494,106)	100%
Other Secured Claims [2]	(72,778)	100%	(72,778)	100%	(72,778)	100%
Chapter 7 Administrative Claims [3]	-	N/A	-	N/A	(3,708,863)	100%
Pre-Effective Plan Creditor Payments - Administrative [4]	(5,972,243)	100%	(4,299,369)	100%	(3,048,042)	100%
Pre-Effective Plan Creditor Payments - Priority [5]	(29,046)	100%	(29,046)	100%	(29,046)	100%
Post-Effective Date - Administrative Costs [6]	(1,738,035)	100%	(1,623,935)	100%	-	N/A
Remaining Funds for General Unsecured Creditors ("GUC")	\$ 14,448,193		\$ 1,972,673		\$ 639,072	
Unsecured Creditor Pool [7]	52,459,964	28%	52,459,964	4%	52,459,964	1%
Subordinated Unsecured Claims [8]	19,663,224		19,663,224		19,663,224	

[1] Total Assets represent the liquidation of the Estate Assets, including but not limited to existing cash, real estate, proceeds from Life Capital Group, litigation efforts and collection on insurance policies.

[2] Turnover of funds received from rent on the Martel property to its foreclosing lender (Class 3(a)). The payment of secured tax claims is anticipated to occur when the corresponding real estate is sold and is factored into the anticipated net proceeds received therein.

[3] Chapter 7 Administrative claims incurred if the case were to convert including replacement counsel, financial advisors, tax professionals and the chapter 7 Trustee fees.

[4] Pre-Effective administrative claims represent professional fees that have been approved, but not paid as well as anticipated US Trustee fees.

[5] Priority claims as defined in the plan and disclosure statement.

[6] Post-Effective Administrative costs represent anticipated professional fees and U.S. Trustee fees needed to administer the Liquidating Trust to its conclusion.

[7] Anticipated general unsecured claims as defined in the plan and disclosure statement.

[8] The subordinated portion of the general unsecured claims for the Menlo and Vago parties per their settlement terms.